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INTERSTATE COMMERCE COMMISSION

EQUIPMENT LOAN TRUST DECLARATION

by

CANADA PERMANENT TRUST COMPANY

Dated as of February 25, 1972

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(d) "Casualty Value" shall, with respect to any Unit, mean the Casualty Value as calculated in accordance with § 6 of the Lease;

(e) "Certificate of Acceptance" shall mean a certificate executed and delivered to the Manufacturers or either of them pursuant to the Manufacturing Agreements or either of them by an inspector or other authorized representative of the Lessee stating that a Unit or Units have been inspected and accepted on behalf of the Trustee and the Lessee and have been marked in accordance with the provisions of the Manufacturing Agreements;

(f) "Conditional Purchaser" shall mean the purchaser under the Conditional Sale Agreement and any successor purchaser thereunder;

(g) "Conditional Sale Agreement" shall mean the conditional sale agreement substantially in the form of Schedule 6 hereto which the Trustee is authorized to execute and deliver by Section 8.01;

(h) "Counsel" shall mean any barrister or solicitor or firm of barristers and solicitors retained by the Trustee;

(i) "Event of Default" means any of the events of default referred to in Article 6.01 of this Equipment Loan Trust Declaration;

(j) "Excess over Unit Cost" shall have the meaning defined in Section 3 of the Manufacturing Agreements.

(k) "holders," "Holders of the Loan Certificates" or "Certificate-holders" means any person or persons who are the registered holder or registered holders of Loan Certificates;

(l) "Lease" shall mean the Lease dated as of February 28, 1972, entered into by the Conditional Purchaser as Lessor and the Lessee, substantially in the form of Schedule 5 hereto, as said Lease may from time to time be supplemented or amended, or the terms thereof waived or modified, to the extent permitted by and in accordance with the terms of this Trust Declaration; the term "Lease" shall also include each Lease Schedule from time to time delivered thereunder;

(m) "Lease Assignment" shall mean the collateral assignment of lease and agreement among the Conditional Purchaser, the Trustee and the Lessee dated as of February 28, 1972 substantially in the form of Schedule 7 hereto;

(n) "Lease Schedule" means the certificate or certificates of acceptance and delivery to be executed and delivered to the Lessor, the Trustee and the Manufacturers by the Lessee evidencing acceptance of Units delivered and accepted by the Lessee pursuant to the Lease;

(o) "Lessee" shall mean the Lessee for the time being under the Lease or, as the context permits, the Lessee under any new or substituted Lease entered into pursuant to Section 6.03 hereof;

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(p) "Loan Certificate Purchase Agreements" shall mean the agreement or agreements between the Trustee or its agent and the Long Term Lenders whereby the Long Term Lenders agree to make loans to the Trustee by purchasing Long Term Loan Certificates;

(q) "Loan Certificates" shall mean the Short Term Loan Certificates, the Replacement Short Term Loan Certificate and the Long Term Loan Certificates, or any of such Loan Certificates, as the context shall require;

(r) "Long Term Lenders" shall mean the investor or the several investors which hereafter agrees or agree by the Loan Certificate Purchase Agreements to make Loans to the Trustee by purchasing Long Term Loan Certificates;

(s) "Long Term Loan Certificates" shall mean the 8.10% CN Equipment Loan Certificates issued pursuant to Sections 4.02, 4.03 and 4.04 hereof;

(t) "Manufacturer" shall mean either National Steel Car Corporation, Limited or Hawker Siddeley Canada Ltd., the Manufacturers under the Manufacturing Agreements and "Manufacturers" shall mean National Steel Car Corporation and Hawker Siddeley Canada Ltd.;

(u) "Manufacturing Agreements" shall mean the agreement between the Lessee, the Trustee, the Conditional Purchaser and National Steel Car Corporation, Limited and the agreement between the Lessee, the Trustee, the Conditional Purchaser and Hawker Siddeley Canada Ltd., dated February 28, 1972, providing for the manufacture of the Units and the conveyance to the Trustee of title thereto subject to the provisions hereof;

(v) "Purchase Price" shall have the meaning defined in Section 3 of the Manufacturing Agreements;

(w) "Refunding Date" shall mean the date referred to in Section 4.01 hereof on which the principal of Short Term Loan Certificates is to be paid and Long Term Loan Certificates issued and sold in accordance with Sections 3.03, 3.05, 4.03 and 4.04 hereof;

(x) "Rent" shall mean the rent (including any amount payable under §2 of the Lease or the similar provisions of any new or substituted lease entered into pursuant to Section 6.03 hereof) received from the Lessee for the Units or any Substituted Equipment;

(y) "Replacement Short Term Loan Certificate" shall mean the 7% Short Term Equipment Loan Certificate maturing September 5, 1972, issued to the Short Term Lender pursuant to Section 3.04 hereof;

(z) "Short Term Loan Certificates" shall mean the 7% Short Term Equipment Loan Certificates maturing no later than July 7, 1972, issued to the Short Term Lender pursuant to Section 3.02 hereof;

(aa) "Substituted Equipment" shall mean railway equipment acquired by the Trustee pursuant to paragraph 6 of the Lease (or the

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equivalent provisions of any new or substituted lease entered into pursuant to Section 6.03 hereof), together with all Accessions thereto;

(bb) "Trust Estate" shall mean all estate, right, title and interest of the Trustee in and to each Unit and item of Substituted Equipment, the Lease, any new or substituted lease entered into pursuant to Section 6.03 hereof, the Manufacturing Agreements, the Conditional Sale Agreement and the Lease Assignment, including without limitation, (i) all amounts of Rent, payments of Casualty Value, and indemnity or other payments of any kind for or with respect to any Unit or item of Substituted Equipment or otherwise, received under the provisions of the Lease, or of any new or substituted lease entered into pursuant to Section 6.03 hereof, (ii) any and all payments or proceeds received by the Trustee upon the termination of the Lease or any new or substituted lease entered into pursuant to Section 6.03 hereof with respect to any Unit or item of Substituted Equipment as the result of the exercise of any option or termination agreement, (iii) all payments received under the Conditional Sale Agreement, and (iv) any payments received by the Trustee stated hereby to be part of the Trust Estate;

(cc) "Trust Supplement", "Trust Declaration Supplement" and "Equipment Loan Supplemental Trust Declaration" shall mean any instrument supplemental to this Trust Declaration or ancillary hereto or in implement hereof;

(dd) "Trustee" shall mean the trustee named in this Trust Declaration and includes any successor to the Trustee named herein;

(ee) "Units" shall mean the items of railroad equipment described in Schedule "A" to the Lease and all Accessions thereto, and "Unit" shall mean one of such items and Accessions thereto;

(ff) "Unit Cost" of a Unit shall have the meaning defined in Section 3 of the Manufacturing Agreements;

(gg) "Written Request" shall mean a written request signed in the name of the Conditional Purchaser by the President or any Vice President of the Conditional Purchaser and by the Secretary or Treasurer or any Assistant Secretary or Assistant Treasurer of the Conditional Purchaser;

(hh) "Equipment Loan Trust Declaration", "this Trust", "Trust Declaration", "this Declaration", "hereto", "herein", "hereby", "hereunder", "hereof", and similar expressions refer to this Equipment Loan Trust Declaration and not to any particular Article, Section, clause, subdivision or other portion hereof, and include any and every Trust Supplement supplemental or ancillary hereto or in implement hereof;

(ii) words importing the singular number only shall include the plural, and vice versa, and words importing the neuter gender or masculine

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(d) "Casualty Value" shall, with respect to any Unit, mean the Casualty Value as calculated in accordance with § 6 of the Lease;

(e) "Certificate of Acceptance" shall mean a certificate executed and delivered to the Manufacturers or either of them pursuant to the Manufacturing Agreements or either of them by an inspector or other authorized representative of the Lessee stating that a Unit or Units have been inspected and accepted on behalf of the Trustee and the Lessee and have been marked in accordance with the provisions of the Manufacturing Agreements;

(f) "Conditional Purchaser" shall mean the purchaser under the Conditional Sale Agreement and any successor purchaser thereunder;

(g) "Conditional Sale Agreement" shall mean the conditional sale agreement substantially in the form of Schedule 6 hereto which the Trustee is authorized to execute and deliver by Section 8.01;

(h) "Counsel" shall mean any barrister or solicitor or firm of barristers and solicitors retained by the Trustee;

(i) "Event of Default" means any of the events of default referred to in Article 6.01 of this Equipment Loan Trust Declaration;

(j) "Excess over Unit Cost" shall have the meaning defined in Section 3 of the Manufacturing Agreements.

(k) "holders," "Holders of the Loan Certificates" or "Certificate-holders" means any person or persons who are the registered holder or registered holders of Loan Certificates;

(l) "Lease" shall mean the Lease dated as of February 28, 1972, entered into by the Conditional Purchaser as Lessor and the Lessee, substantially in the form of Schedule 5 hereto, as said Lease may from time to time be supplemented or amended, or the terms thereof waived or modified, to the extent permitted by and in accordance with the terms of this Trust Declaration; the term "Lease" shall also include each Lease Schedule from time to time delivered thereunder;

(m) "Lease Assignment" shall mean the collateral assignment of lease and agreement among the Conditional Purchaser, the Trustee and the Lessee dated as of February 28, 1972 substantially in the form of Schedule 7 hereto;

(n) "Lease Schedule" means the certificate or certificates of acceptance and delivery to be executed and delivered to the Lessor, the Trustee and the Manufacturers by the Lessee evidencing acceptance of Units delivered and accepted by the Lessee pursuant to the Lease;

(o) "Lessee" shall mean the Lessee for the time being under the Lease or, as the context permits, the Lessee under any new or substituted Lease entered into pursuant to Section 6.03 hereof;

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(p) "Loan Certificate Purchase Agreements" shall mean the agreement or agreements between the Trustee or its agent and the Long Term Lenders whereby the Long Term Lenders agree to make loans to the Trustee by purchasing Long Term Loan Certificates;

(q) "Loan Certificates" shall mean the Short Term Loan Certificates, the Replacement Short Term Loan Certificate and the Long Term Loan Certificates, or any of such Loan Certificates, as the context shall require;

(r) "Long Term Lenders" shall mean the investor or the several investors which hereafter agrees or agree by the Loan Certificate Purchase Agreements to make Loans to the Trustee by purchasing Long Term Loan Certificates;

(s) "Long Term Loan Certificates" shall mean the 8.10% CN Equipment Loan Certificates issued pursuant to Sections 4.02, 4.03 and 4.04 hereof;

(t) "Manufacturer" shall mean either National Steel Car Corporation, Limited or Hawker Siddeley Canada Ltd., the Manufacturers under the Manufacturing Agreements and "Manufacturers" shall mean National Steel Car Corporation and Hawker Siddeley Canada Ltd.;

(u) "Manufacturing Agreements" shall mean the agreement between the Lessee, the Trustee, the Conditional Purchaser and National Steel Car Corporation, Limited and the agreement between the Lessee, the Trustee, the Conditional Purchaser and Hawker Siddeley Canada Ltd., dated February 28, 1972, providing for the manufacture of the Units and the conveyance to the Trustee of title thereto subject to the provisions hereof;

(v) "Purchase Price" shall have the meaning defined in Section 3 of the Manufacturing Agreements;

(w) "Refunding Date" shall mean the date referred to in Section 4.01 hereof on which the principal of Short Term Loan Certificates is to be paid and Long Term Loan Certificates issued and sold in accordance with Sections 3.03, 3.05, 4.03 and 4.04 hereof;

(x) "Rent" shall mean the rent (including any amount payable under §2 of the Lease or the similar provisions of any new or substituted lease entered into pursuant to Section 6.03 hereof) received from the Lessee for the Units or any Substituted Equipment;

(y) "Replacement Short Term Loan Certificate" shall mean the 7% Short Term Equipment Loan Certificate maturing September 5, 1972, issued to the Short Term Lender pursuant to Section 3.04 hereof;

(z) "Short Term Loan Certificates" shall mean the 7% Short Term Equipment Loan Certificates maturing no later than July 7, 1972, issued to the Short Term Lender pursuant to Section 3.02 hereof;

(aa) "Substituted Equipment" shall mean railway equipment acquired by the Trustee pursuant to paragraph 6 of the Lease (or the

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equivalent provisions of any new or substituted lease entered into pursuant to Section 6.03 hereof), together with all Accessions thereto;

(bb) "Trust Estate" shall mean all estate, right, title and interest of the Trustee in and to each Unit and item of Substituted Equipment, the Lease, any new or substituted lease entered into pursuant to Section 6.03 hereof, the Manufacturing Agreements, the Conditional Sale Agreement and the Lease Assignment, including without limitation, (i) all amounts of Rent, payments of Casualty Value, and indemnity or other payments of any kind for or with respect to any Unit or item of Substituted Equipment or otherwise, received under the provisions of the Lease, or of any new or substituted lease entered into pursuant to Section 6.03 hereof, (ii) any and all payments or proceeds received by the Trustee upon the termination of the Lease or any new or substituted lease entered into pursuant to Section 6.03 hereof with respect to any Unit or item of Substituted Equipment as the result of the exercise of any option or termination agreement, (iii) all payments received under the Conditional Sale Agreement, and (iv) any payments received by the Trustee stated hereby to be part of the Trust Estate;

(cc) "Trust Supplement", "Trust Declaration Supplement" and "Equipment Loan Supplemental Trust Declaration" shall mean any instrument supplemental to this Trust Declaration or ancillary hereto or in implement hereof;

(dd) "Trustee" shall mean the trustee named in this Trust Declaration and includes any successor to the Trustee named herein;

(ee) "Units" shall mean the items of railroad equipment described in Schedule "A" to the Lease and all Accessions thereto, and "Unit" shall mean one of such items and Accessions thereto;

(ff) "Unit Cost" of a Unit shall have the meaning defined in Section 3 of the Manufacturing Agreements;

(gg) "Written Request" shall mean a written request signed in the name of the Conditional Purchaser by the President or any Vice President of the Conditional Purchaser and by the Secretary or Treasurer or any Assistant Secretary or Assistant Treasurer of the Conditional Purchaser;

(hh) "Equipment Loan Trust Declaration", "this Trust", "Trust Declaration", "this Declaration", "hereto", "herein", "hereby", "hereunder", "hereof", and similar expressions refer to this Equipment Loan Trust Declaration and not to any particular Article, Section, clause, subdivision or other portion hereof, and include any and every Trust Supplement supplemental or ancillary hereto or in implement hereof;

(ii) words importing the singular number only shall include the plural, and vice versa, and words importing the neuter gender or masculine

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gender shall include respectively the masculine and feminine genders and the feminine and neuter genders and words importing persons shall include firms and corporations, and vice versa.

HEADINGS

SECTION 1.02. The headings of all the Articles and Sections hereof and the Table of Contents are inserted for convenience or reference only and shall not affect the construction or interpretation of this Trust Declaration.

GOVERNING LAW

SECTION 1.03. This Trust Declaration and the Loan Certificates shall be construed in accordance with the laws of the Province of Ontario and the Loan Certificates shall be treated in all respects as Ontario contracts.

ARTICLE TWO

INCLUSION OF UNITS IN TRUST ESTATE:

TRUST SUPPLEMENTS

SECTION 2.01. Forthwith upon the execution and delivery of any Lease Schedule pursuant to paragraph 1 of the Lease, the Trustee shall execute a Trust Supplement including the Units described in such Lease Schedule as part of the Trust Estate. The Trustee shall also, promptly after the acquisition of any Substituted Equipment pursuant to paragraph 6 of the Lease, execute a Trust Supplement including any Substituted Equipment as part of the Trust Estate.

DELIVERY AND PAYMENTS OF UNITS

SECTION 2.02. If, on or before June 30, 1972, any Units are delivered to the Lessee the Trustee shall, subject to the conditions set forth in Section 3.03, pay to the Manufacturer delivering such Units, out of the proceeds of the sale of Short Term Loan Certificates, an amount specified in the Written Request referred to in Section 2.03 not exceeding 75% of the aggregate of the Unit Costs of the Units referred to therein on the Settlement Date (as hereinafter defined) set out in such Written Request.

CONDITIONS TO PAYMENTS

SECTION 2.03. The obligation of the Trustee to pay out of the proceeds of the sale of Short Term Loan Certificates any part of the Unit Cost of any Unit shall be subject to the prior or contemporaneous fulfillment of the following conditions:

(a) the receipt by the Trustee of a Written Request, requesting such payment, describing such Unit, setting forth the Unit Cost thereof and the

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portion thereof (not to exceed 75%) to be paid out of the proceeds of sale of Short Term Loan Certificates and designating a date for such payment (the "Settlement Date") not less than six days later than the date of delivery of such Written Request;

(b) the sale at par by the Trustee to the Short Term Lender of Short Term Loan Certificates in an amount equal to the portion of the Unit Cost to be paid out of the proceeds of sale of Loan Certificates set forth in the Written Request referred to in subsection (a) of this Section 2.03;

(c) the payment by the Conditional Purchaser to the appropriate Manufacturer (by way of initial payment under the Conditional Sale Agreement) of the balance of such Unit Cost;

(d) the delivery to the Trustee of the Certificate of Acceptance, invoice and bill of sale relating thereto provided for in Section 2 of the Manufacturing Agreement and the opinion of Counsel for the Manufacturer relating thereto provided for in Section 14 of the Lease;

(e) the delivery to the Trustee by the Lessee of the opinion required by paragraph 14(i) of the Lease;

(f) the execution and delivery of the Lease Schedule and the execution of the Trust Supplement required by Section 2.01 hereof with respect to such Unit; and

(g) receipt by the Trustee of an opinion or opinions of Counsel to the effect that the Lease and Trust Declaration (together with the Lease Schedule and Trust Supplement referred to in the foregoing paragraph (f) of this Section) have been duly deposited in the office of the Registrar General of Canada and duly filed and recorded with the Interstate Commerce Commission of the United States of America.

ARTICLE THREE

SHORT TERM LOAN CERTIFICATES

ISSUANCE OF SHORT TERM LOAN CERTIFICATES

SECTION 3.01. Following receipt of the Written Request referred to in Section 2.03, the Trustee shall give to the Short Term Lender five days' notice of the Settlement Date set out in such Written Request, such notice to set forth a description of the Units being purchased on such Settlement Date, the aggregate Unit Cost of such Units and the portion thereof to be paid out of the proceeds of sale of Short Term Loan Certificates.

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PURCHASE BY SHORT TERM LENDER

SECTION 3.02. On the Settlement Date set out in the Written Request referred to in Section 2.03, the Short Term Lender shall purchase at par, by certified or official bank cheque payable to or to the order of the Trustee, Short Term Loan Certificates maturing July 7, 1972, and in a principal amount equal to the portion of the aggregate Unit Cost set forth in the notice referred to in Section 3.01.

The Trustee shall, without waiting for the recording or filing of this Declaration or of any other instrument respecting the Units, issue and deliver to the Short Term Lender Short Term Loan Certificates registered as the Short Term Lender may direct the Trustee in writing by not less than 3 days' written notice.

The aggregate principal amount of Short Term Loan Certificates to be executed and delivered by the Trustee, other than the Replacement Short Term Loan Certificate issued pursuant to Section 3.04, shall not exceed \$11,256,000.

TERMS OF SHORT TERM LOAN CERTIFICATES

SECTION 3.03. The principal of each Short Term Loan Certificate shall become due and payable in lawful money of Canada at the principal office of the Trustee in the City of Toronto on the Refunding Date or the prepayment date provided for in Section 3.05.

The Short Term Loan Certificates shall bear interest both before and after maturity until prepaid or until repaid at the rate of 7% per annum from the respective dates thereof.

REPLACEMENT SHORT TERM LOAN CERTIFICATE IN RESPECT OF COST OF SHORT TERM BORROWING

SECTION 3.04. On the Refunding Date or the repayment date provided for in Section 3.05, whichever is earlier, the Trustee shall issue and the holder of the Short Term Loan Certificates shall accept, in full satisfaction of (a) the interest then due upon the Short Term Loan Certificates and (b) the stand-by fee under the loan by the Short Term Lender to the Trustee, a Replacement Short Term Loan Certificate issued under this Trust Declaration bearing interest at the rate of 7% per annum to become due and payable as herein provided on September 5, 1972, in a principal amount equal to the sum of:

- (i) the interest then accrued and unpaid on the Short Term Loan Certificates, and

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- (ii) an amount equal to $\frac{1}{2}$ of 1% of the average of the daily differences between \$11,256,000 and the principal amount of Short Term Loan Certificates outstanding from time to time for the period from the date of the first sale of Short Term Loan Certificates to the Short Term Lender to the date of payment from time to time of the Unit Cost of the last of the Units to be delivered under the Manufacturing Agreements.

RIGHT OF PREPAYMENT

SECTION 3.05. The Short Term Loan Certificates are repayable by the Trustee at any time prior to maturity on 5 days' written notice to the holder.

PAYMENT OF SHORT TERM LOAN CERTIFICATES

SECTION 3.06. If the moneys in the Trust Estate together with the proceeds of the sale referred to in Section 4.04 hereof on the Refunding Date or the date of any prepayment as provided for in Section 3.05 hereof shall be sufficient for the payment of the principal of the Short Term Loan Certificates then outstanding, the Trustee shall direct that such proceeds or moneys be paid to or to the order of the Short Term Lender or shall set aside an amount thereof sufficient for such payment in its deposit department or shall deposit said amount in any chartered bank in Canada and upon and after such payment, setting aside or deposit, such Short Term Loan Certificates shall no longer be deemed to be outstanding hereunder or entitled to the benefits of this Trust Declaration except for the right of the holder thereof to receive the Replacement Short Term Loan Certificate and such principal (together with such interest thereon, if any, as the deposit department of the Trustee or such chartered bank may allow) against presentation and surrender to the Trustee of such Loan Certificates.

REPLACEMENT OF LOST SHORT TERM LOAN CERTIFICATES

SECTION 3.07. If a Short Term Loan Certificate shall become mutilated or defaced or be lost, destroyed or stolen, then on the terms herein set forth, and not otherwise, the Trustee shall execute and deliver a new Short Term Loan Certificate of like tenor and date, in exchange and substitution for, and upon cancellation of, the mutilated or defaced Short Term Loan Certificates, or in lieu of and in substitution for the same if lost, destroyed or stolen. The applicant for a new Short Term Loan Certificate shall furnish to the Trustee evidence to its satisfaction of the loss, destruction or theft of such Short Term Loan Certificate alleged to have been lost, destroyed or stolen and of the ownership and authenticity of such mutilated, defaced, lost, destroyed or stolen Short Term Loan Certificate, and also shall furnish such security or indemnity as may be required by the Trustee in its discretion, and shall pay all expenses and charges of such substitution or exchange.

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SHORT TERM LOAN CERTIFICATES PAYABLE ONLY OUT OF TRUST ESTATE

SECTION 3.08. Notwithstanding any other provision of this Declaration, it is understood and agreed by the Trustee on behalf of itself and the holders of the Loan Certificates that all payments to be made on the Short Term Loan Certificates and under this Trust Declaration shall be made only (i) from the income and proceeds from the Trust Estate and (ii) from the proceeds of sale of Long Term Loan Certificates, and only to the extent that the Trustee shall have sufficient income or proceeds from the Trust Estate and from such proceeds of sale to make such payments in accordance with the terms of Articles Four and Five hereof. The holder of a Short Term Loan Certificate, by its acceptance of such Short Term Loan Certificate, agrees that the liability of the Trustee is limited as hereinbefore and in the Short Term Loan Certificate set out and that none of the Lessee, the Conditional Purchaser and the Trustee is personally liable to the holder of a Short Term Loan Certificate for any amounts payable under such Short Term Loan Certificate or, subject to Section 7.02 hereof, this Trust Declaration.

FORM OF SHORT TERM LOAN CERTIFICATES AND REPLACEMENT SHORT TERM LOAN CERTIFICATE

SECTION 3.09. The Short Term Loan Certificates shall be in fully registered form only and shall be substantially in the form set forth in Schedule 1 hereto and shall be printed, multilithed or typewritten. The Replacement Short Term Loan Certificate shall be in fully registered form only and shall be substantially in the form set forth in Schedule 2 hereto and shall be printed, multilithed or typewritten.

EXECUTION OF SHORT TERM LOAN CERTIFICATES AND REPLACEMENT SHORT TERM LOAN CERTIFICATE

SECTION 3.10. The Short Term Loan Certificates and the Replacement Short Term Loan Certificate shall be non-transferable and shall be signed in the name and on behalf of the Trustee under its corporate seal by the manual signatures of any two of its Authorized Signing Officers. In case any officer of the Trustee whose signature shall appear on a Short Term Loan Certificate or Replacement Short Term Loan Certificate shall cease to be such officer of the Trustee before such Short Term Loan Certificate or Replacement Short Term Loan Certificate shall have been issued and delivered by the Trustee or shall not have been acting in such capacity on the date of the Short Term Loan Certificate or Replacement Short Term Loan Certificate, such Short Term Loan Certificate or Replacement Short Term Loan Certificate may be adopted by the Trustee and be issued and delivered as though such person had not ceased to be or had then been such officer of the Trustee.

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REGISTRATION OF SHORT TERM LOAN CERTIFICATES AND REPLACEMENT SHORT TERM LOAN CERTIFICATE

SECTION 3.11. A Short Term Loan Certificate and a Replacement Short Term Loan Certificate shall be registered, as to both principal and interest, in the name of the holder. The Trustee shall cause to be kept at its principal office in the city of Toronto, Canada, books for the registration of Short Term Loan Certificates and the Replacement Short Term Loan Certificate.

PERSONS ENTITLED TO PAYMENT

SECTION 3.12. The Trustee may deem and treat the person in whose name a Short Term Loan Certificate or a Replacement Short Term Loan Certificate shall have been issued and registered by the Trustee as the absolute owner of such Short Term Loan Certificate or Replacement Short Term Loan Certificate for the purpose of receiving payment of all amounts payable by the Trustee with respect to such Short Term Loan Certificate or Replacement Short Term Loan Certificate and for all other purposes, and the Trustee shall not be affected by any notice to the contrary.

ARTICLE FOUR

LONG TERM LOAN CERTIFICATES

NOTIFICATION OF REFUNDING DATE

SECTION 4.01. On or before July 1, 1972 the Trustee shall give to the Short Term Lender and the Long Term Lenders not less than 5 days notice of the date (the "Refunding Date") on which the Long Term Loan Certificates are to be issued as provided herein. The notice to the Long Term Lenders shall set forth the number of Units in respect of which Written Requests shall have been received by the Trustee pursuant to Section 3.02 and 3.03 hereof and the aggregate Unit Cost thereof and shall state that the Long Term Loan Certificates will be issued at the time and place specified in such notice on the Refunding Date in the maturities and in the amounts herein and therein provided.

PURCHASE RIGHT

SECTION 4.02. Subject as hereinafter provided, each Long Term Lender shall have the right to purchase on the Refunding Date all (and not part only) of the maturities and principal amounts of Long Term Loan Certificates provided in the Loan Certificate Purchase Agreement with such Long Term Lender; provided, however, that should the aggregate Unit Cost of all the Units delivered on or before June 30, 1972, differ from the aggregate Base Price set out in Schedules "A" to the Manufacturing Agreements, such maturities and principal amounts of Long Term Loan Certificates may be varied by the Trustee in accordance with the Loan Certificate Purchase Agreement made with such Long Term Lender.

EQUIPMENT LOAN TRUST DECLARATION

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PURCHASE PROCEDURE

SECTION 4.03. In order to purchase any Long Term Loan Certificate the Long Term Lender buying the same shall tender at the time on the Refunding Date specified in the notice given pursuant to Section 4.01 at the principal office of the Trustee in the City of Toronto, Canada against delivery to such Long Term Lender of such Long Term Loan Certificate a certified or official bank cheque made payable to or to the order of the Trustee in the amount of the purchase price of such Long Term Loan Certificate specified in the Loan Certificate Purchase Agreement with such Long Term Lender.

ISSUE OF LONG TERM LOAN CERTIFICATES

SECTION 4.04 Long Term Loan Certificates are to be issued in an aggregate principal amount equal to that amount obtained by decreasing to the nearest amount in thousands of dollars the product obtained by multiplying .75 by the aggregate of the Unit Costs of the Units delivered, accepted and settled for in accordance with the provisions of Article 3 of the Manufacturing Agreements; provided that in no event shall such aggregate principal amount exceed \$11,255,000.

TERMS OF LONG TERM LOAN CERTIFICATES

SECTION 4.05. The Long Term Loan Certificates issued pursuant to Section 4.04 hereof shall mature on the dates set out below in amounts determined by (1st) multiplying each of the decimal fractions set opposite such dates by the aggregate principal amount of such Long Term Loan Certificates and (2nd) increasing in order of least difference from the nearest amount in thousands of dollars greater than each such product, to the nearest amount in thousands of dollars certain of such products so obtained and decreasing the balance of such products to the nearest amount in thousands of dollars such that the sum of the principal amounts so obtained shall be equal to the aggregate principal amount of such Long Term Loan Certificates.

The dates and decimal fractions referred to in the first paragraph of this Section 4.05 are as follows:

March 5, 1978	.03340	March 5, 1981	.04235
September 5, 1978	.03480	September 5, 1981	.04413
March 5, 1979	.03620	March 5, 1982	.04590
September 5, 1979	.03760	September 5, 1982	.04776
March 5, 1980	.03918	September 5, 1987	.59791
September 5, 1980	.04077		

Each Long Term Loan Certificate shall bear interest from its date or from the last interest payment date on which interest has been paid or made available for payment on the outstanding Long Term Loan Certificates, whichever is later, at the rate of 8.10% per annum (after as well as before maturity and after as well as before default, with interest on overdue interest at the same rate)

EQUIPMENT LOAN TRUST DECLARATION

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payable half yearly, on March 5 and September 5, in each year. The Long Term Loan Certificates issued pursuant to Section 4.04 hereof and maturing on September 5, 1987, are sometimes hereinafter referred to as Sinking Fund Loan Certificates". The Long Term Loan Certificates issued pursuant to Section 4.04 hereof and maturing on or before September 5, 1982, are sometimes hereinafter referred to as "Serial Loan Certificates".

SINKING FUND

SECTION 4.06. The Sinking Fund Loan Certificates shall have the benefit of a sinking fund sufficient to retire such Loan Certificates on the dates set out herein below in amounts determined by (1st) multiplying each of the decimal fractions set opposite such dates by the aggregate principal amount of such Loan Certificates and (2nd) increasing in order of least difference from the nearest amount in thousands of dollars greater than each such product, to the nearest amount in thousands of dollars certain of such products so obtained and decreasing the balance of such products to the nearest amount in thousands of dollars such that the sum of the principal amounts so obtained shall be equal to the aggregate principal amount of such Loan Certificates.

The dates and decimal fractions referred to in the first paragraph of this Section 4.06 are as follows:

March 5, 1983	.08316
September 5, 1983	.08644
March 5, 1984	.09003
September 5, 1984	.09362
March 5, 1985	.09736
September 5, 1985	.10142
March 5, 1986	.10548
September 5, 1986	.10969
March 5, 1987	.11422
September 5, 1987	.11858

The sinking fund payments may be reduced upon any redemption of Sinking Fund Loan Certificates out of the proceeds of any payment of Casualty Value pursuant to Section 5.04 hereof.

SECTION 4.07. Sinking Fund Retirement. Retirement for sinking fund purposes shall be made by the Trustee pro rata as to holders of such Sinking Fund Loan Certificates to the nearest \$1,000 principal amount in the discretion of the Trustee, upon thirty days' notice to such holders; provided that failure to give such notice shall not in any way affect the Trustee's right to make such retirement or involve the Trustee in any liability to such holders, or any of them.

EQUIPMENT LOAN TRUST DECLARATION

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SECTION 4.08. Place of Payment. The principal of the Long Term Loan Certificates and interest thereon shall be payable, subject to Section 4.06, in lawful money of Canada at any branch in Canada of the Bank of Montreal at the opinion of the respective holders thereof.

LONG TERM LOAN CERTIFICATES PAYABLE ONLY OUT OF TRUST ESTATE

SECTION 4.09. Notwithstanding any of the provisions of this Trust Declaration, it is understood and agreed by the Trustee on behalf of itself and the holders of the Loan Certificates that all payments to be made on the Long Term Loan Certificates and under this Trust Declaration shall be made only from the income and proceeds from the Trust Estate and only to the extent that the Trustee shall have sufficient income or proceeds from the Trust Estate to make such payments in accordance with the terms of Articles Five and Six hereof. Each holder of a Long Term Certificate, by its acceptance of such Long Term Loan Certificate, agrees that it will look solely to the income and proceeds from the Trust Estate to the extent available for distribution to such holder as above provided and that none of the Lessee, the Conditional Purchaser and the Trustee is personally liable to the holder of any Long Term Loan Certificate for any amounts payable under such Long Term Loan Certificate or, subject to Section 7.02 hereof, this Trust Declaration.

FORM OF LONG TERM LOAN CERTIFICATES

SECTION 4.10. Long Term Loan Certificates shall be issued in any denomination which is an integral multiple of \$1,000 in fully registered form only registered on original issue as provided in the applicable Loan Certificate Purchase Agreement or as the respective Long Term Lender may direct the Trustee by not less than 3 days written notice. The Serial Loan Certificates and the Sinking Fund Loan Certificates shall be substantially in the forms set forth in Schedules 3 and 4 hereto respectively and shall be printed, multilithed or typewritten.

EXECUTION OF LONG TERM LOAN CERTIFICATES

SECTION 4.11. The Long Term Loan Certificates shall be signed in the name and on behalf of the Trustee under its corporate seal by the manual signatures of any two of its Authorized Signing Officers. In case any officer of the Trustee whose signature shall appear on any of the Long Term Loan Certificates shall cease to be such officer of the Trustee before the Long Term Loan Certificates shall have been issued and delivered by the Trustee or shall not have been acting in such capacity on the date of the Long Term Loan Certificates, such Long Term Loan Certificates may be adopted by the Trustee and be issued and delivered as though such person had not ceased to be or had then been such officer of the Trustee.

EQUIPMENT LOAN TRUST DECLARATION

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REGISTRATION, TRANSFER ETC. OF LONG TERM LOAN CERTIFICATES

SECTION 4.12.

(a) The Long Term Loan Certificates shall be registered as to both principal and interest, in the name of the holder, shall be transferable upon presentation and surrender thereof for transfer at the principal office of the Trustee in the City of Toronto, Canada, accompanied by appropriate instruments of assignment and transfer, duly executed by the registered holder of the surrendered Long Term Loan Certificate or Certificates or by duly authorized attorney, in form satisfactory to the Trustee. The registration particulars of any transferee shall be noted by the Trustee on the Long Term Loan Certificate so surrendered unless a new Long Term Loan Certificate is issued upon such transfer at the request of such transferee.

(b) The several maturities and denominations of Long Term Loan Certificates shall be interchangeable in authorized denominations of the same maturity at the principal office of the Trustee in the City of Toronto, Canada, provided that no Long Term Loan Certificate of the denomination of \$1,000 or any multiple thereof may be exchanged for other Long Term Loan Certificates any of which has a denomination of less than \$1,000.

(c) The Trustee shall cause to be kept at its principal office in the City of Toronto, Canada books for the registration and transfer of the Long Term Loan Certificates.

(d) For any transfer or exchange the Trustee shall require the payment of a sum sufficient to reimburse it for its expenses and any governmental charge connected therewith, provided that no payment shall be required from any Long Term Lender in respect of the Trustee's such expenses.

(e) The Trustee shall not be required (i) to transfer or exchange any Long Term Loan Certificate for a period of ten days immediately preceding any interest payment date, or (ii) to issue, transfer or exchange any Long Term Loan Certificate during a period of ten days before any selection of Long Term Loan Certificates to be redeemed pursuant to Section 5.03 or (iii) to transfer or exchange any Long Term Loan Certificates called or being called for redemption in whole or in part.

PERSONS ENTITLED TO PAYMENT

SECTION 4.13. As the interest on the Long Term Loan Certificates becomes payable (except interest payable at maturity or on redemption which shall be paid upon presentation of Long Term Loan Certificates for payment) the Trustee, subject to Section 4.06, at least one day prior to each date on which

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This Short Term Equipment Loan Certificate is not transferable.

CANADA PERMANENT TRUST COMPANY
as Trustee

Authorized Signature

Authorized Signature

(No writing hereon except by the Trustee)

[illegible]

EQUIPMENT LOAN TRUST DECLARATION

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SCHEDULE 2

to the foregoing Equipment Loan Trust Declaration made as of February 25, 1972 by Canada Permanent Trust Company, as trustee.

CANADA PERMANENT TRUST COMPANY AS TRUSTEE UNDER AN EQUIPMENT LOAN TRUST DECLARATION

Replacement Short Term Equipment Loan Certificate

Due September 5, 1972.

FOR VALUE RECEIVED, Canada Permanent Trust Company, as Trustee (herein in such capacity called the "Trustee"), under that certain Equipment Loan Trust Declaration (herein called the "Trust Declaration"; the terms defined therein not otherwise defined herein being herein used with the same meaning as on the Trust Declaration) made by the Trustee, hereby promises to pay to the registered holder hereof on or before the 5th day of September, 1972 on presentation and surrender of this certificate, by way of principal amount, an amount equal to the sum of:

- (i) the interest then accrued and unpaid on the Short Term Loan Certificates; and
- (ii) an amount equal to $\frac{1}{2}\%$ of 1% of the average of the daily differences between \$11,256,000 and the principal amount of Short Term Loan Certificates for the period from the date of the first advance under the loan from the Short Term Lender to the date of payment of the Unit Cost of the last of the Units to be delivered under the Manufacturing Agreements,

and to pay interest on the said principal amount at the rate of 7% per annum from the date hereof payable in like money until payment of the principal hereof.

Such amount shall be payable in lawful money of Canada in any branch in Canada of Bank of Montreal at holder's option.

The payment of principal and interest hereunder and under the Trust Declaration shall be made only from the income and proceeds from the Trust Estate and only to the extent that the Trustee shall have sufficient income or proceeds from the Trust Estate to make such payments in accordance with the terms of Articles Five and Six of the Trust Declaration; and the holder hereof, by its acceptance of this Certificate, agrees that it will look solely to the income and proceeds from the Trust Estate to the extent available for distribution to the holder hereof as above provided and that none of the Lessee, the Trustee or the Conditional Purchaser (as defined in the Trust Declaration) is personally liable to the holder hereof for any amounts payable under this Certificate or, subject to Section 7.02 of the Trust Declaration, the Trust Declaration. Reference is hereby made to the Trust Declaration for a statement of the rights of the

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This Replacement Short Term Equipment Loan Certificate is not transferable.

IN WITNESS WHEREOF the Trustee has caused this Replacement Short Term Equipment Loan Certificate to be executed under its corporate seal by the hands of two of its authorized signing officers as of the _____ day of _____, 1972.

CANADA PERMANENT TRUST COMPANY
as Trustee

Authorized Signature

Authorized Signature

(No writing hereon except by the Trustee)

[illegible]

EQUIPMENT LOAN TRUST DECLARATION

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SCHEDULE 3

to the foregoing Equipment Loan Trust Declaration made as of February 25, 1972 by Canada Permanent Trust Company, as Trustee, being the form of Long Term Loan Certificates, maturing on or before September 5, 1982.

CANADA PERMANENT TRUST COMPANY

AS TRUSTEE UNDER AN EQUIPMENT LOAN TRUST DECLARATION

NO. \$

8.10% CN Equipment Loan Certificate,

Due 19

SECURED BY A LEASE OF RAILWAY TRANSPORTATION EQUIPMENT TO CANADIAN NATIONAL RAILWAY COMPANY

FOR VALUE RECEIVED, Canada Permanent Trust Company, as Trustee (herein in such capacity called the "Trustee") under that certain Equipment Loan Trust Declaration (herein called the "Trust Declaration"; the terms defined therein not otherwise defined herein being herein used with the same meaning as in the Trust Declaration) made by the Trustee, hereby promises to pay to the registered holder hereof, on the day of 19 , or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Trust Declaration, on presentation and surrender of this Certificate, the sum of \$ in lawful money of Canada at any branch in Canada of the Bank of Montreal, at the holder's option, and to pay interest on the principal amount hereof from , 1972 or from the last interest payment date on which interest has been paid or made available for payment on the outstanding Loan Certificates, whichever is later, at the rate of 8.10% per annum payable half-yearly in like money at any of the said places at the holder's option on March 5 and September 5 in each year; and should the Trustee at any time make default in the payment of any principal or interest to pay interest on the amount in default at the same rate, in like money, at any of the said places, at the holder's option, and half-yearly on the same dates.

At least one day prior to each date on which interest on this Loan Certificate becomes due (except interest payable at maturity or on redemption which shall be paid upon presentation of this Loan Certificate for payment) the Trustee shall forward or cause to be forwarded by prepaid post, to the holder for the

EQUIPMENT LOAN TRUST DECLARATION

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time being, or in the case of joint holders, to one of such joint holders, at its registered address a cheque for such interest (less any tax required to be deducted) payable to the order of such holder or holders and negotiable at par at any of the places above mentioned. The forwarding of such cheque shall satisfy and discharge the liability for interest on this Loan Certificate to the extent of the amount represented thereby (plus the amount of any tax deducted as aforesaid) unless such cheque be not paid on presentation.

All payments of principal and interest hereunder and under the Trust Declaration shall be made only from the income and proceeds from the Trust Estate and only to the extent that the Trustee shall have sufficient income or proceeds from the Trust Estate to make such payments in accordance with the terms of Articles Five and Six of the Trust Declaration; and each holder hereof, by its acceptance of this Loan Certificate, agrees that it will look solely to the income and proceeds from the Trust Estate to the extent available for distribution to the holder hereof as above provided and that none of Canadian National Railway Company, the Trustee or the Conditional Purchaser (as defined in the Trust Declaration) is personally liable to the holder hereof for any amounts payable under this Loan Certificate or, subject to Section 7.02 of the Trust Declaration, the Trust Declaration.

This Loan Certificate is one of the Loan Certificates designated 8.10% CN Long Term Loan Certificates issued or to be issued by the Trustee pursuant to the terms of the Trust Declaration in an aggregate principal amount not to exceed \$11,255,000. Reference is hereby made to the Trust Declaration for a statement of the rights of the Trustee and of the holder of this Loan Certificate and of the rights of the holders of the other Loan Certificates and of the Conditional Purchaser referred to therein as well as for a statement of the terms and conditions of the trusts created by the Trust Declaration, to all of which terms and conditions each holder hereof agrees by its acceptance of this Loan Certificate.

The Trust Declaration contains provisions for holding meetings of holders of Loan Certificates and for making binding upon all such holders (a) resolutions passed by a specified majority in principal amount of the holders of Loan Certificates at such meetings in accordance with such provisions and (b) instruments in writing signed by the holders of a specified majority in principal amount of the outstanding Loan Certificates.

This Loan Certificate is interchangeable, upon payment of the charges provided in the Trust Declaration, for Loan Certificates in authorized denominations of the same maturity, at the principal office of the Trustee in the City of Toronto, or the City of Montreal, Canada, provided that no Loan Certificate of the denomination of \$1,000 or any multiple thereof may be exchanged for other Loan Certificates any of which has a denomination of less than \$1,000.

EQUIPMENT LOAN TRUST DECLARATION

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This Loan Certificate is transferable by the registered holder hereof in person or by duly authorized attorney on the registry books of the Trustee upon surrender to the Trustee of this Loan Certificate at the principal office of the Trustee in the City of Toronto, Canada, accompanied by a written instrument of transfer, duly executed by the registered holder in person or by such attorney, in form satisfactory to the Trustee, whereupon at the option of the transferee either the Trustee shall note hereon the registration particulars of such transferee or a new Loan Certificate or Certificates of the same maturity in authorized denominations for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Trustee may deem and treat the person in whose name this Loan Certificate is registered as the absolute owner hereof for the purpose of receiving payment of principal and interest and for all other purposes and shall not be affected by any notice to the contrary.

In case of the happening of an Event of Default (as defined in the Trust Declaration) or in case of the payment of any Casualty Value (as defined in the Trust Declaration) the principal amount represented by this Loan Certificate shall become or be declared due and payable in the manner and with the effect provided in the Trust Declaration.

IN WITNESS WHEREOF, the Trustee has caused this Loan Certificate to be executed under its corporate seal by the hands of two of its Authorized Signing Officers as of the day of , 19 .

CANADA PERMANENT TRUST COMPANY
as Trustee

.....
Authorized Signature

.....
Authorized Signature

EQUIPMENT LOAN TRUST DECLARATION

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FORM OF REGISTRATION

(No writing hereon except by the Trustee)

[illegible]

EQUIPMENT LOAN TRUST DECLARATION

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SCHEDULE 4

to the foregoing Equipment Loan Trust Declaration made as of February 25, 1972 by Canada Permanent Trust Company as Trustee, being the form of Long Term Loan Certificates maturing on September 5, 1987.

CANADA PERMANENT TRUST COMPANY
AS TRUSTEE UNDER AN EQUIPMENT LOAN TRUST DECLARATION
NO. §

8.10% CN Equipment Loan Certificate.

Due September 5, 1987

SECURED BY A LEASE OF RAILWAY TRANSPORTATION EQUIPMENT TO CANADIAN NATIONAL RAILWAY COMPANY

FOR VALUE RECEIVED, Canada Permanent Trust Company, as Trustee (herein in such capacity called the "Trustee") under that certain Equipment Loan Trust Declaration (herein called the "Trust Declaration"; the terms defined therein not otherwise defined herein being herein used with the same meaning as in the Trust Declaration) made by the Trustee hereby promises to pay to the registered holder hereof, on the 5th day of September, 1987, or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Trust Declaration, on presentation and surrender of this Certificate, the sum of \$ in lawful money of Canada at any branch in Canada of the Bank of Montreal, at the holder's option, and to pay interest on the principal amount hereof from , 1972 or from the latest interest payment date on which interest has been paid or made available for payment on the outstanding Loan Certificates, whichever is later, at the rate of 8.10% per annum payable half yearly in like money to any of the said places at the holder's option on March 5 and September 5 in each year; and should the Trustee at any time make default in the payment of any principal or interest to pay interest on the amount in default at the same rate, in like money, at any of the said places at the holder's option, and half yearly on the same dates.

At least one day prior to each date on which interest on this Loan Certificate becomes due (except interest payable at maturity or on redemption which shall be paid upon presentation of this Loan Certificate for payment) the Trustee shall forward or cause to be forwarded by prepaid post, to the holder for the time being, or in the case of joint holders, to one of such joint holders, at its registered address a cheque for such interest (less any tax required to be deducted) payable to the order of such holder or holders and negotiable at par

EQUIPMENT LOAN TRUST DECLARATION

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at any of the places above mentioned. The forwarding of such cheque shall satisfy and discharge the liability for interest on this Loan Certificate to the extent of the amount represented thereby (plus the amount of any tax deducted as aforesaid) unless such cheque be not paid on presentation.

All payments of principal and interest hereunder and under the Trust Declaration shall be made only from the income and proceeds from the Trust Estate and only to the extent that the Trustee shall have sufficient income or proceeds from the Trust Estate to make such payments in accordance with the terms of Articles Five and Six of the Trust Declaration; and each holder hereof, by its acceptance of this Loan Certificate, agrees that it will look solely to the income and proceeds from the Trust Estate to the extent available for distribution to the holder hereof as above provided and that none of Canadian National Railway Company, the Trustee or the Conditional Purchaser (as defined in the Trust Declaration) is personally liable to the holder hereof for any amounts payable under this Loan Certificate or, subject to Section 7.02 of the Trust Declaration, the Trust Declaration.

This Loan Certificate is one of the Loan Certificates designated 8.10% CN Long Term Sinking Fund Loan Certificates issued or to be issued by the Trustee pursuant to the terms of the Trust Declaration in an aggregate principal amount not to exceed \$11,255,000. Reference is hereby made to the Trust Declaration for a statement of the rights of the Trustee and of the holder of this Loan Certificate and of the rights of the holders of the other Loan Certificates and of the Conditional Purchaser referred to therein as well as for a statement of the terms and conditions of the trusts created by the Trust Declaration, to all of which terms and conditions each holder hereof agrees by its acceptance of this Loan Certificate.

The Trust Declaration contains provisions for holding meetings of holders of Loan Certificates and for making binding upon all such holders (a) resolutions passed by a specified majority in principal amount of the holders of Loan Certificates at such meetings in accordance with such provisions and (b) instruments in writing signed by the holders of a specified majority in principal amount of the outstanding Loan Certificates.

This Loan Certificate is interchangeable, upon payment of the charges provided in the Trust Declaration for Loan Certificates in authorized denominations of the same maturity, at the principal office of the Trustee in the City of Toronto, Canada, provided that no Loan Certificate of the denomination of \$1,000 or any multiple thereof may be exchanged for other Loan Certificates any of which has a denomination of less than \$1,000.

EQUIPMENT LOAN TRUST DECLARATION

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This Loan Certificate is also entitled to the benefits of and is subject to redemption through the operation of the sinking fund provided for by the Trust Declaration for the Loan Certificates maturing on September 5, 1987. If this Loan Certificate is called for redemption through the operation of such sinking fund, it shall be redeemable at the principal amount hereof together with interest on such principal amount accrued and unpaid to the date specified for redemption.

This Loan Certificate is transferable by the registered holder hereof in person or by duly authorized attorney on the registry books of the Trustee upon surrender to the Trustee of this Loan Certificate at the principal office of the Trustee in the City of Toronto, Canada, accompanied by a written instrument of transfer, duly executed by the registered holder in person or by such attorney, in form satisfactory to the Trustee, whereupon at the option of the transferee either the Trustee shall note hereon the registration particulars of such transferee or a new Loan Certificate or Certificates of the same maturity in authorized denominations for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Trustee may deem and treat the person in whose name this Loan Certificate is registered as the absolute owner hereof for the purpose of receiving payment of principal and interest and for all other purposes and shall not be affected by any notice to the contrary.

In case of the happening of an Event of Default (as defined in the Trust Declaration) or in case of the payment of any Casualty Value (as defined in the Trust Declaration) the principal amount represented by this Loan Certificate shall become or be declared due and payable in the manner and with the effect provided in the Trust Declaration.

IN WITNESS WHEREOF, the Trustee has caused this Loan Certificate to be executed under its corporate seal by the hands of two of its Authorized Signing Officers as of the day of , 19 .

CANADA PERMANENT TRUST COMPANY
as Trustee

.....
Authorized Signature

.....
Authorized Signature

EQUIPMENT LOAN TRUST DECLARATION

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Each certificate or opinion provided for herein and delivered to the Trustee with respect to compliance with a condition or covenant provided for herein or in the Conditional Sale Agreement or in the Lease or in any new or substituted lease entered into pursuant to Section 6.03 or in the Lease Assignment shall include (a) a statement that the person making such certificate or opinion has read such condition or covenant; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (c) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such condition or covenant has been complied with; (d) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

HOLDERS OF LOAN CERTIFICATES NOT OWNERS OF TRUST ESTATE

SECTION 12.04. No holder of a Loan Certificate shall have legal title to any part of the Trust Estate. No transfer, by operation of law or otherwise, of any Loan Certificate or other right, title and interest of any holder of a Loan Certificate in and to the Trust Estate or hereunder shall operate to terminate this Trust Declaration or the trusts hereunder or entitle any successor or transferee of such holder to an accounting or to the transfer to it of legal title to any part of the Trust Estate.

TERMINATION OF TRUST

SECTION 12.05. This Trust Declaration and the trusts created hereby shall terminate and be of no further force and effect upon the earlier of (i) the sale or other final disposition (including a conveyance to the Conditional Purchaser pursuant to Section 4.15) by the Trustee of all Units and Substituted Equipment at any time part of the Trust Estate and the final distribution by the Trustee of all moneys or other property or proceeds constituting part of the Trust Estate in accordance with the terms of Articles Five or Six hereof, provided that at such time the Lessee shall have fully complied with all of the terms of the Lease or any new or substituted lease entered into pursuant to Section 6.03 or (ii) twenty-one years less one day after the day and year first above written whereupon all moneys or other property or proceeds constituting part of the Trust Estate shall be distributed in accordance with the terms of Article Five hereof.

NOTICES

SECTION 12.06. All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered at or mailed by registered mail to (a) in the case of the Conditional Purchaser,

EQUIPMENT LOAN TRUST DECLARATION

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Two St. Clair Avenue West, Toronto, Ontario, Attn: The Secretary, or such other address as may hereafter be furnished to the Trustee in writing by the Conditional Purchaser and (b) in the case of the Trustee, 320 Bay Street, Toronto, Canada, attn: Corporate Trust Department, or such other address as may hereafter be furnished to the Conditional Purchaser in writing by the Trustee. An affidavit by any person representing or acting on behalf of the Conditional Purchaser or the Trustee, as to such mailing, having the registry receipt attached, shall be conclusive evidence of the giving of such demand, notice or communication.

Except as herein otherwise expressly provided all notices to be given hereunder with respect to the Loan Certificates shall be deemed to be validly given to the holders thereof if sent through the ordinary post, postage prepaid, by letter or circular addressed to such holder at their post office addresses appearing in the registers hereinbefore mentioned. Any notice so served by post shall be deemed to have been given or served on the day upon which it is posted as aforesaid.

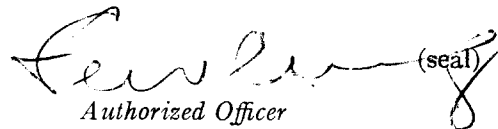
COUNTERPARTS


SECTION 12.07. This Trust Declaration has been simultaneously executed in several counterparts each of which shall be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the Trustee has executed these presents under the hands of its proper officers thereunto duly authorized and its corporate seal on the day and year first above written.

CANADA PERMANENT TRUST COMPANY

By

 (seal)
Authorized Officer



Authorized Officer

EQUIPMENT LOAN TRUST DECLARATION

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SCHEDULE 1

to the foregoing Equipment Loan Trust Declaration made as of February 25, 1972 by Canada Permanent Trust Company, as trustee.

CANADA PERMANENT TRUST COMPANY AS TRUSTEE UNDER AN EQUIPMENT LOAN TRUST DECLARATION

NO.

\$

Short Term Equipment Loan Certificate

Due July 7, 1972

FOR VALUE RECEIVED, Canada Permanent Trust Company, as Trustee (herein in such capacity called the "Trustee"), under that certain Equipment Loan Trust Declaration (herein called the "Trust Declaration") made by the Trustee hereby promises to pay to the registered holder hereof on or before the 7th day of July, 1972 on presentation and surrender of this certificate the sum of \$ _____ in lawful money of Canada in any branch in Canada of Bank of Montreal, at the holder's option, and to pay interest on the said principal amount at the rate of 7% per annum from the date hereof payable in like money until payment of the principal hereof and the Trustee shall issue and deliver to the registered holder hereof upon surrender of this Certificate or on July 7, 1972, whichever is earlier, a 7% Replacement Short Term Equipment Loan Certificate in the principal amount and upon the terms specified in Section 3.04 of the Trust Declaration, which Loan Certificate shall be issued under the provisions of the Trust Declaration, will bear interest on the amount thereof at 7% per annum and will be payable on or before September 5, 1972. The terms defined in the Trust Declaration and not otherwise defined hereunder shall have the same meaning herein as in the Trust Declaration.

The liability of the Trustee to make payments hereunder shall be limited to the extent of amounts received by the Trustee from the issuance of Long Term Equipment Loan Certificates under the Trust Declaration and the amount of the Trust Estate.

This Short Term Equipment Loan Certificate is one of an authorized issue of Short Term Equipment Loan Certificates in an aggregate principal amount not to exceed \$11,256,000 issued or to be issued by the Trustee pursuant to the terms of the Trust Declaration. Reference is hereby made to the Trust Declaration for a statement of the rights of the holder of this Short Term Equipment Loan Certificate and of the rights of the Trustee and of the holders

EQUIPMENT LOAN TRUST DECLARATION

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ARTICLE SEVEN

THE TRUSTEE

CLAIMS AGAINST TRUSTEE

SECTION 7.01. All persons having any claim against the Trustee by reason of the transactions contemplated hereby shall look only to the Trust Estate for payment or satisfaction thereof.

DUTIES AND RESPONSIBILITIES OF THE TRUSTEE; DURING DEFAULT; PRIOR TO DEFAULT

SECTION 7.02. In case the interest of the holders of Loan Certificates in the Trust Estate shall have become enforceable, the Trustee shall exercise such of the rights and powers provided for herein and in the Conditional Sale Agreement, the Lease, any new or substituted lease entered into pursuant to Section 6.03 and the Lease Assignment, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use in the circumstances in the conduct of his own affairs.

No provision of this Trust Declaration shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own wilful misconduct, except that

(a) if the interest of the holders of Loan Certificates in the Trust Estate shall not have become enforceable:

(1) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Trust Declaration, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth herein, and no implied covenants or obligations shall be read into this Trust Declaration against the Trustee; and

(2) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Trust; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements hereof;

(b) the Trustee shall not be liable for any error of judgment made in good faith by any employee of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

EQUIPMENT LOAN TRUST DECLARATION

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(c) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of a majority in aggregate principal amount of the Loan Certificates at the time outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, by this Trust, the Conditional Sale Agreement, the Lease, any new or substituted lease entered into pursuant to Section 6.03 or the Lease Assignment.

CERTAIN RIGHTS OF THE TRUSTEE

SECTION 7.03. Except as otherwise provided in Section 7.02:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, Loan Certificate, guarantee or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) the Trustee may consult with Counsel, and any opinion of Counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with such opinion of Counsel;

(c) the Trustee shall be under no obligation to exercise any of the rights or powers conferred by this Trust, the Conditional Sale Agreement, the Lease, any new or substituted lease entered into pursuant to Section 6.03 or the Lease Assignment, at the request, order or direction of any of the holders of the Loan Certificates, pursuant to the provisions hereof, unless such holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred therein or thereby; and

(d) the Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred by this Trust, the Conditional Sale Agreement, the Lease, any new or substituted lease entered into pursuant to Section 6.03 or the Lease Assignment.

RESPONSIBILITY OF TRUSTEE TO INSURE OR RECORD

SECTION 7.04. Except as otherwise provided in Section 7.02, the Trustee shall not be required to undertake any act or duty in the way of insuring, taking care of or taking possession of the Units or Substituted Equipment or to undertake any other act or duty hereunder until fully indemnified by the Company or by one or more of the holders of the Loan Certificates against all liability and

EQUIPMENT LOAN TRUST DECLARATION

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expenses; and, except as aforesaid, the Trustee shall not be responsible for the filing or recording or refileing or rerecording of this Trust Declaration, any Trust Supplement, the Lease, any Lease Schedule, any new or substituted lease entered into pursuant to Section 6.03 or the Lease Assignment.

HOLDING OF FUNDS BY TRUSTEE; INVESTMENTS

SECTION 7.05. Any money at any time paid to or held by the Trustee hereunder until paid out by the Trustee as herein provided may be carried by the Trustee on deposit with itself, and, if and to the extent agreed to between the Trustee and the Conditional Purchaser and permitted by applicable law or regulations of governmental authorities having jurisdiction over the Trustee, the Trustee will allow interest upon any such moneys held by it in trust at the rate generally prevailing among trust companies in Toronto, Canada or allowed by it upon deposits of a similar character.

LIMITATION OF TRUSTEE'S LIABILITY ETC.

SECTION 7.06. Except as otherwise provided in Section 7.02, the Trustee shall not be liable to anyone for any delay in the delivery of any of the Units or Substituted Equipment, or for any default on the part of the Manufacturer or other manufacturers or owners thereof or of the Lessee, or for any defect in any of the Units or Substituted Equipment or in the title thereto, nor shall anything herein be construed as a warranty on the part of the Trustee in respect thereof or as a representation on the part of the Trustee in respect of the value thereof or in respect of the title thereto.

Except as otherwise provided in Section 7.02, the Trustee may perform its powers and duties hereunder by or through such attorneys, agents and servants as it shall appoint and shall be answerable for only its own acts, negligence and wilful defaults and not for the default or misconduct of any attorney, agent or servant appointed by it with reasonable care. The Trustee shall not be responsible in any way for the execution or validity of this Trust Declaration or of the Loan Certificates (except for its own execution thereof).

The Trustee in its individual capacity may own, hold and dispose of Loan Certificates with the same rights (subject to Section 9.03) which it would have if it were not Trustee.

Any moneys at any time held by the Trustee or any paying agent hereunder shall, until paid out or invested by the Trustee or any paying agent as herein provided, be held by it in trust as herein provided first, for the ratable benefit of the holders of the Loan Certificates and second, for the benefit of the Conditional Purchaser.

EQUIPMENT LOAN TRUST DECLARATION

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RESIGNATION AND REMOVAL; APPOINTMENT OF SUCCESSOR TRUSTEE

SECTION 7.07.

(a) The Trustee may at any time resign by giving written notice of resignation to the Conditional Purchaser and by mailing notice of resignation to all holders of Loan Certificates at their last addresses appearing on the registry books. Upon receiving such notice of resignation, the Conditional Purchaser shall promptly appoint a successor trustee by written instrument, in duplicate, authorized by resolution of the board of directors of the Conditional Purchaser, or if thereunto duly empowered, of the executive committee of such board of directors, one copy of which instrument shall be delivered to the Trustee so resigning and one copy to the successor trustee. If no successor trustee shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning trustee may petition any Judge of the Supreme Court of Ontario for the appointment of a successor trustee, or any holder of a Loan Certificate who has been a bona fide holder of a Loan Certificate or Loan Certificates for at least six months may, subject to the provisions of Section 6.11, on behalf of himself and all other similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(b) In case at any time the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then, in any such case, the Company may remove the Trustee and appoint a successor trustee by written instrument, in duplicate, authorized by resolution of the board of directors of the Conditional Purchaser or, if thereunto duly empowered, of the executive committee of such board of directors, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee, or, subject to the provisions of Section 6.11, any holder of a Loan Certificate who has been a bona fide holder of a Loan Certificate or Loan Certificates for at least six months may, on behalf of himself and all others similarly situated, petition any Judge of the Supreme Court of Ontario for the removal of the Trustee and the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(c) The holders of a majority in aggregate principal amount of the Loan Certificates at the time outstanding may at any time remove the

EQUIPMENT LOAN TRUST DECLARATION

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Trustee and appoint a successor trustee by delivering to the Trustee to be removed, to the successor trustee so appointed and to the Conditional Purchaser the evidence provided for in Section 9.01 of the action taken by the holders of the Loan Certificates.

(d) Any resignation or removal of the Trustee and appointment of a successor trustee pursuant to any of the provisions of this Section 7.07 shall become effective upon acceptance of appointment by the successor trustee as provided in Section 7.08.

(e) Any such successor trustee shall be a responsible trust company empowered to carry on business in the Provinces of Ontario and Quebec, Canada.

ACCEPTANCE OF APPOINTMENT BY SUCCESSOR TRUSTEE

SECTION 7.08. Any successor trustee appointed as provided in Section 7.07 shall execute, acknowledge and deliver to the Conditional Purchaser and to its predecessor trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder; but, nevertheless, on the Written Request or on request in writing of the successor trustee, upon payment of its charges then unpaid, the trustee ceasing to act shall execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act. Any trustee ceasing to act shall, nevertheless, retain a lien upon all property or funds held or collected by such trustee to secure reimbursement to it of its expenses and compensation.

No successor trustee shall accept appointment as provided in this Section 7.08 unless at the time of such acceptance such successor trustee shall be qualified under the provisions of Section 7.07.

Upon acceptance of appointment by a successor trustee as provided in this Section 7.08, the successor trustee shall mail notice of the succession of such trustee hereunder to the holders of the Loan Certificates at their last addresses appearing on the registry books.

MERGER OR CONSOLIDATION OF TRUSTEE

SECTION 7.09. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated or amalgamated, or any corporation resulting from any merger or amalgamation or consolidation to which the Trustee shall be a party, or any corporation succeeding to the corporate

EQUIPMENT LOAN TRUST DECLARATION

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trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be qualified under the provisions of Section 7.07, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

SALE OF UNITS AND SUBSTITUTED EQUIPMENT

SECTION 7.10. Any sale or other conveyance of a Unit or item of Substituted Equipment by the Trustee made pursuant to the terms of this Trust shall bind the holders of the Loan Certificates and shall be effective to transfer or convey all right, title and interest of the Trustee and such holders in and to such Unit or item of Substituted Equipment. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such sale or conveyance or as to the application of any sale or other proceeds with respect thereto by the Trustee. The Trustee may, and shall, upon Written Request, reconvey to the Lessee or to the Manufacturer title to any Units excluded from the operation of this Trust Declaration pursuant to Section 4.04.

ARTICLE EIGHT

CONDITIONAL SALE AGREEMENT; LEASE ASSIGNMENT

CONDITIONAL SALE AGREEMENT

SECTION 8.01. The Trustee may execute and deliver to the Conditional Purchaser a Conditional Sale Agreement respecting the Units and Substituted Equipment substantially in the form attached hereto as Schedule 6, subject to the rights of the holders of Loan Certificates hereunder and may from time to time execute and deliver "purchase supplements" thereunder subjecting Units or Substituted Equipment thereto.

LEASE ASSIGNMENT

SECTION 8.02. The Conditional Purchaser shall execute and deliver to the Trustee a Collateral Assignment of Lease and Agreement, substantially in the form attached hereto as Schedule 7, assigning to the Trustee its rights under the Lease subject to the provisions of Article Six and the rights of the holders of Loan Certificates hereunder.

ARTICLE NINE

CONCERNING THE HOLDERS OF LOAN CERTIFICATES

EVIDENCE OF ACTION TAKEN BY HOLDERS OF LOAN CERTIFICATES

SECTION 9.01. Whenever it is provided that the holders of a specified percentage in aggregate principal amount of the Loan Certificates may take any

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SCHEDULE 3

to the foregoing Equipment Loan Trust Declaration made as of February 25, 1972 by Canada Permanent Trust Company, as Trustee, being the form of Long Term Loan Certificates, maturing on or before September 5, 1982.

CANADA PERMANENT TRUST COMPANY

AS TRUSTEE UNDER AN EQUIPMENT LOAN TRUST DECLARATION

NO. \$

8.10% CN Equipment Loan Certificate,

Due 19

SECURED BY A LEASE OF RAILWAY TRANSPORTATION EQUIPMENT TO CANADIAN NATIONAL RAILWAY COMPANY

FOR VALUE RECEIVED, Canada Permanent Trust Company, as Trustee (herein in such capacity called the "Trustee") under that certain Equipment Loan Trust Declaration (herein called the "Trust Declaration"; the terms defined therein not otherwise defined herein being herein used with the same meaning as in the Trust Declaration) made by the Trustee, hereby promises to pay to the registered holder hereof, on the day of 19 , or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Trust Declaration, on presentation and surrender of this Certificate, the sum of \$ in lawful money of Canada at any branch in Canada of the Bank of Montreal, at the holder's option, and to pay interest on the principal amount hereof from , 1972 or from the last interest payment date on which interest has been paid or made available for payment on the outstanding Loan Certificates, whichever is later, at the rate of 8.10% per annum payable half-yearly in like money at any of the said places at the holder's option on March 5 and September 5 in each year; and should the Trustee at any time make default in the payment of any principal or interest to pay interest on the amount in default at the same rate, in like money, at any of the said places, at the holder's option, and half-yearly on the same dates.

At least one day prior to each date on which interest on this Loan Certificate becomes due (except interest payable at maturity or on redemption which shall be paid upon presentation of this Loan Certificate for payment) the Trustee shall forward or cause to be forwarded by prepaid post, to the holder for the

EQUIPMENT LOAN TRUST DECLARATION

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time being, or in the case of joint holders, to one of such joint holders, at its registered address a cheque for such interest (less any tax required to be deducted) payable to the order of such holder or holders and negotiable at par at any of the places above mentioned. The forwarding of such cheque shall satisfy and discharge the liability for interest on this Loan Certificate to the extent of the amount represented thereby (plus the amount of any tax deducted as aforesaid) unless such cheque be not paid on presentation.

All payments of principal and interest hereunder and under the Trust Declaration shall be made only from the income and proceeds from the Trust Estate and only to the extent that the Trustee shall have sufficient income or proceeds from the Trust Estate to make such payments in accordance with the terms of Articles Five and Six of the Trust Declaration; and each holder hereof, by its acceptance of this Loan Certificate, agrees that it will look solely to the income and proceeds from the Trust Estate to the extent available for distribution to the holder hereof as above provided and that none of Canadian National Railway Company, the Trustee or the Conditional Purchaser (as defined in the Trust Declaration) is personally liable to the holder hereof for any amounts payable under this Loan Certificate or, subject to Section 7.02 of the Trust Declaration, the Trust Declaration.

This Loan Certificate is one of the Loan Certificates designated 8.10% CN Long Term Loan Certificates issued or to be issued by the Trustee pursuant to the terms of the Trust Declaration in an aggregate principal amount not to exceed \$11,255,000. Reference is hereby made to the Trust Declaration for a statement of the rights of the Trustee and of the holder of this Loan Certificate and of the rights of the holders of the other Loan Certificates and of the Conditional Purchaser referred to therein as well as for a statement of the terms and conditions of the trusts created by the Trust Declaration, to all of which terms and conditions each holder hereof agrees by its acceptance of this Loan Certificate.

The Trust Declaration contains provisions for holding meetings of holders of Loan Certificates and for making binding upon all such holders (a) resolutions passed by a specified majority in principal amount of the holders of Loan Certificates at such meetings in accordance with such provisions and (b) instruments in writing signed by the holders of a specified majority in principal amount of the outstanding Loan Certificates.

This Loan Certificate is interchangeable, upon payment of the charges provided in the Trust Declaration, for Loan Certificates in authorized denominations of the same maturity, at the principal office of the Trustee in the City of Toronto, or the City of Montreal, Canada, provided that no Loan Certificate of the denomination of \$1,000 or any multiple thereof may be exchanged for other Loan Certificates any of which has a denomination of less than \$1,000.

EQUIPMENT LOAN TRUST DECLARATION

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This Loan Certificate is transferable by the registered holder hereof in person or by duly authorized attorney on the registry books of the Trustee upon surrender to the Trustee of this Loan Certificate at the principal office of the Trustee in the City of Toronto, Canada, accompanied by a written instrument of transfer, duly executed by the registered holder in person or by such attorney, in form satisfactory to the Trustee, whereupon at the option of the transferee either the Trustee shall note hereon the registration particulars of such transferee or a new Loan Certificate or Certificates of the same maturity in authorized denominations for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Trustee may deem and treat the person in whose name this Loan Certificate is registered as the absolute owner hereof for the purpose of receiving payment of principal and interest and for all other purposes and shall not be affected by any notice to the contrary.

In case of the happening of an Event of Default (as defined in the Trust Declaration) or in case of the payment of any Casualty Value (as defined in the Trust Declaration) the principal amount represented by this Loan Certificate shall become or be declared due and payable in the manner and with the effect provided in the Trust Declaration.

IN WITNESS WHEREOF, the Trustee has caused this Loan Certificate to be executed under its corporate seal by the hands of two of its Authorized Signing Officers as of the day of , 19 .

CANADA PERMANENT TRUST COMPANY
as Trustee

.....
Authorized Signature

.....
Authorized Signature

EQUIPMENT LOAN TRUST DECLARATION

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FORM OF REGISTRATION

(No writing hereon except by the Trustee)

[illegible]

EQUIPMENT LOAN TRUST DECLARATION

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SCHEDULE 4

to the foregoing Equipment Loan Trust Declaration made as of February 25, 1972 by Canada Permanent Trust Company as Trustee, being the form of Long Term Loan Certificates maturing on September 5, 1987.

CANADA PERMANENT TRUST COMPANY
AS TRUSTEE UNDER AN EQUIPMENT LOAN TRUST DECLARATION
NO. §

8.10% CN Equipment Loan Certificate.

Due September 5, 1987

SECURED BY A LEASE OF RAILWAY TRANSPORTATION EQUIPMENT TO CANADIAN NATIONAL RAILWAY COMPANY

FOR VALUE RECEIVED, Canada Permanent Trust Company, as Trustee (herein in such capacity called the "Trustee") under that certain Equipment Loan Trust Declaration (herein called the "Trust Declaration"; the terms defined therein not otherwise defined herein being herein used with the same meaning as in the Trust Declaration) made by the Trustee hereby promises to pay to the registered holder hereof, on the 5th day of September, 1987, or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Trust Declaration, on presentation and surrender of this Certificate, the sum of \$ in lawful money of Canada at any branch in Canada of the Bank of Montreal, at the holder's option, and to pay interest on the principal amount hereof from , 1972 or from the latest interest payment date on which interest has been paid or made available for payment on the outstanding Loan Certificates, whichever is later, at the rate of 8.10% per annum payable half yearly in like money to any of the said places at the holder's option on March 5 and September 5 in each year; and should the Trustee at any time make default in the payment of any principal or interest to pay interest on the amount in default at the same rate, in like money, at any of the said places at the holder's option, and half yearly on the same dates.

At least one day prior to each date on which interest on this Loan Certificate becomes due (except interest payable at maturity or on redemption which shall be paid upon presentation of this Loan Certificate for payment) the Trustee shall forward or cause to be forwarded by prepaid post, to the holder for the time being, or in the case of joint holders, to one of such joint holders, at its registered address a cheque for such interest (less any tax required to be deducted) payable to the order of such holder or holders and negotiable at par

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at any of the places above mentioned. The forwarding of such cheque shall satisfy and discharge the liability for interest on this Loan Certificate to the extent of the amount represented thereby (plus the amount of any tax deducted as aforesaid) unless such cheque be not paid on presentation.

All payments of principal and interest hereunder and under the Trust Declaration shall be made only from the income and proceeds from the Trust Estate and only to the extent that the Trustee shall have sufficient income or proceeds from the Trust Estate to make such payments in accordance with the terms of Articles Five and Six of the Trust Declaration; and each holder hereof, by its acceptance of this Loan Certificate, agrees that it will look solely to the income and proceeds from the Trust Estate to the extent available for distribution to the holder hereof as above provided and that none of Canadian National Railway Company, the Trustee or the Conditional Purchaser (as defined in the Trust Declaration) is personally liable to the holder hereof for any amounts payable under this Loan Certificate or, subject to Section 7.02 of the Trust Declaration, the Trust Declaration.

This Loan Certificate is one of the Loan Certificates designated 8.10% CN Long Term Sinking Fund Loan Certificates issued or to be issued by the Trustee pursuant to the terms of the Trust Declaration in an aggregate principal amount not to exceed \$11,255,000. Reference is hereby made to the Trust Declaration for a statement of the rights of the Trustee and of the holder of this Loan Certificate and of the rights of the holders of the other Loan Certificates and of the Conditional Purchaser referred to therein as well as for a statement of the terms and conditions of the trusts created by the Trust Declaration, to all of which terms and conditions each holder hereof agrees by its acceptance of this Loan Certificate.

The Trust Declaration contains provisions for holding meetings of holders of Loan Certificates and for making binding upon all such holders (a) resolutions passed by a specified majority in principal amount of the holders of Loan Certificates at such meetings in accordance with such provisions and (b) instruments in writing signed by the holders of a specified majority in principal amount of the outstanding Loan Certificates.

This Loan Certificate is interchangeable, upon payment of the charges provided in the Trust Declaration for Loan Certificates in authorized denominations of the same maturity, at the principal office of the Trustee in the City of Toronto, Canada, provided that no Loan Certificate of the denomination of \$1,000 or any multiple thereof may be exchanged for other Loan Certificates any of which has a denomination of less than \$1,000.

EQUIPMENT LOAN TRUST DECLARATION

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This Loan Certificate is also entitled to the benefits of and is subject to redemption through the operation of the sinking fund provided for by the Trust Declaration for the Loan Certificates maturing on September 5, 1987. If this Loan Certificate is called for redemption through the operation of such sinking fund, it shall be redeemable at the principal amount hereof together with interest on such principal amount accrued and unpaid to the date specified for redemption.

This Loan Certificate is transferable by the registered holder hereof in person or by duly authorized attorney on the registry books of the Trustee upon surrender to the Trustee of this Loan Certificate at the principal office of the Trustee in the City of Toronto, Canada, accompanied by a written instrument of transfer, duly executed by the registered holder in person or by such attorney, in form satisfactory to the Trustee, whereupon at the option of the transferee either the Trustee shall note hereon the registration particulars of such transferee or a new Loan Certificate or Certificates of the same maturity in authorized denominations for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Trustee may deem and treat the person in whose name this Loan Certificate is registered as the absolute owner hereof for the purpose of receiving payment of principal and interest and for all other purposes and shall not be affected by any notice to the contrary.

In case of the happening of an Event of Default (as defined in the Trust Declaration) or in case of the payment of any Casualty Value (as defined in the Trust Declaration) the principal amount represented by this Loan Certificate shall become or be declared due and payable in the manner and with the effect provided in the Trust Declaration.

IN WITNESS WHEREOF, the Trustee has caused this Loan Certificate to be executed under its corporate seal by the hands of two of its Authorized Signing Officers as of the day of , 19 .

CANADA PERMANENT TRUST COMPANY
as Trustee

.....
Authorized Signature

.....
Authorized Signature

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Each certificate or opinion provided for herein and delivered to the Trustee with respect to compliance with a condition or covenant provided for herein or in the Conditional Sale Agreement or in the Lease or in any new or substituted lease entered into pursuant to Section 6.03 or in the Lease Assignment shall include (a) a statement that the person making such certificate or opinion has read such condition or covenant; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (c) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such condition or covenant has been complied with; (d) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

HOLDERS OF LOAN CERTIFICATES NOT OWNERS OF TRUST ESTATE

SECTION 12.04. No holder of a Loan Certificate shall have legal title to any part of the Trust Estate. No transfer, by operation of law or otherwise, of any Loan Certificate or other right, title and interest of any holder of a Loan Certificate in and to the Trust Estate or hereunder shall operate to terminate this Trust Declaration or the trusts hereunder or entitle any successor or transferee of such holder to an accounting or to the transfer to it of legal title to any part of the Trust Estate.

TERMINATION OF TRUST

SECTION 12.05. This Trust Declaration and the trusts created hereby shall terminate and be of no further force and effect upon the earlier of (i) the sale or other final disposition (including a conveyance to the Conditional Purchaser pursuant to Section 4.15) by the Trustee of all Units and Substituted Equipment at any time part of the Trust Estate and the final distribution by the Trustee of all moneys or other property or proceeds constituting part of the Trust Estate in accordance with the terms of Articles Five or Six hereof, provided that at such time the Lessee shall have fully complied with all of the terms of the Lease or any new or substituted lease entered into pursuant to Section 6.03 or (ii) twenty-one years less one day after the day and year first above written whereupon all moneys or other property or proceeds constituting part of the Trust Estate shall be distributed in accordance with the terms of Article Five hereof.

NOTICES

SECTION 12.06. All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered at or mailed by registered mail to (a) in the case of the Conditional Purchaser,

EQUIPMENT LOAN TRUST DECLARATION

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Two St. Clair Avenue West, Toronto, Ontario, Attn: The Secretary, or such other address as may hereafter be furnished to the Trustee in writing by the Conditional Purchaser and (b) in the case of the Trustee, 320 Bay Street, Toronto, Canada, attn: Corporate Trust Department, or such other address as may hereafter be furnished to the Conditional Purchaser in writing by the Trustee. An affidavit by any person representing or acting on behalf of the Conditional Purchaser or the Trustee, as to such mailing, having the registry receipt attached, shall be conclusive evidence of the giving of such demand, notice or communication.

Except as herein otherwise expressly provided all notices to be given hereunder with respect to the Loan Certificates shall be deemed to be validly given to the holders thereof if sent through the ordinary post, postage prepaid, by letter or circular addressed to such holder at their post office addresses appearing in the registers hereinbefore mentioned. Any notice so served by post shall be deemed to have been given or served on the day upon which it is posted as aforesaid.

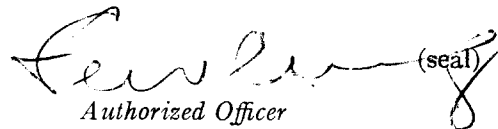
COUNTERPARTS


SECTION 12.07. This Trust Declaration has been simultaneously executed in several counterparts each of which shall be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the Trustee has executed these presents under the hands of its proper officers thereunto duly authorized and its corporate seal on the day and year first above written.

CANADA PERMANENT TRUST COMPANY

By

 (seal)
Authorized Officer



Authorized Officer

EQUIPMENT LOAN TRUST DECLARATION

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SCHEDULE 1

to the foregoing Equipment Loan Trust Declaration made as of February 25, 1972 by Canada Permanent Trust Company, as trustee.

CANADA PERMANENT TRUST COMPANY AS TRUSTEE UNDER AN EQUIPMENT LOAN TRUST DECLARATION

NO.

\$

Short Term Equipment Loan Certificate

Due July 7, 1972

FOR VALUE RECEIVED, Canada Permanent Trust Company, as Trustee (herein in such capacity called the "Trustee"), under that certain Equipment Loan Trust Declaration (herein called the "Trust Declaration") made by the Trustee hereby promises to pay to the registered holder hereof on or before the 7th day of July, 1972 on presentation and surrender of this certificate the sum of \$ _____ in lawful money of Canada in any branch in Canada of Bank of Montreal, at the holder's option, and to pay interest on the said principal amount at the rate of 7% per annum from the date hereof payable in like money until payment of the principal hereof and the Trustee shall issue and deliver to the registered holder hereof upon surrender of this Certificate or on July 7, 1972, whichever is earlier, a 7% Replacement Short Term Equipment Loan Certificate in the principal amount and upon the terms specified in Section 3.04 of the Trust Declaration, which Loan Certificate shall be issued under the provisions of the Trust Declaration, will bear interest on the amount thereof at 7% per annum and will be payable on or before September 5, 1972. The terms defined in the Trust Declaration and not otherwise defined hereunder shall have the same meaning herein as in the Trust Declaration.

The liability of the Trustee to make payments hereunder shall be limited to the extent of amounts received by the Trustee from the issuance of Long Term Equipment Loan Certificates under the Trust Declaration and the amount of the Trust Estate.

This Short Term Equipment Loan Certificate is one of an authorized issue of Short Term Equipment Loan Certificates in an aggregate principal amount not to exceed \$11,256,000 issued or to be issued by the Trustee pursuant to the terms of the Trust Declaration. Reference is hereby made to the Trust Declaration for a statement of the rights of the holder of this Short Term Equipment Loan Certificate and of the rights of the Trustee and of the holders

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This Short Term Equipment Loan Certificate is not transferable.

CANADA PERMANENT TRUST COMPANY
as Trustee

Authorized Signature

Authorized Signature

(No writing hereon except by the Trustee)

[illegible]

EQUIPMENT LOAN TRUST DECLARATION

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SCHEDULE 2

to the foregoing Equipment Loan Trust Declaration made as of February 25, 1972 by Canada Permanent Trust Company, as trustee.

CANADA PERMANENT TRUST COMPANY AS TRUSTEE UNDER AN EQUIPMENT LOAN TRUST DECLARATION

Replacement Short Term Equipment Loan Certificate

Due September 5, 1972.

FOR VALUE RECEIVED, Canada Permanent Trust Company, as Trustee (herein in such capacity called the "Trustee"), under that certain Equipment Loan Trust Declaration (herein called the "Trust Declaration"; the terms defined therein not otherwise defined herein being herein used with the same meaning as on the Trust Declaration) made by the Trustee, hereby promises to pay to the registered holder hereof on or before the 5th day of September, 1972 on presentation and surrender of this certificate, by way of principal amount, an amount equal to the sum of:

- (i) the interest then accrued and unpaid on the Short Term Loan Certificates; and
- (ii) an amount equal to $\frac{1}{2}\%$ of 1% of the average of the daily differences between \$11,256,000 and the principal amount of Short Term Loan Certificates for the period from the date of the first advance under the loan from the Short Term Lender to the date of payment of the Unit Cost of the last of the Units to be delivered under the Manufacturing Agreements,

and to pay interest on the said principal amount at the rate of 7% per annum from the date hereof payable in like money until payment of the principal hereof.

Such amount shall be payable in lawful money of Canada in any branch in Canada of Bank of Montreal at holder's option.

The payment of principal and interest hereunder and under the Trust Declaration shall be made only from the income and proceeds from the Trust Estate and only to the extent that the Trustee shall have sufficient income or proceeds from the Trust Estate to make such payments in accordance with the terms of Articles Five and Six of the Trust Declaration; and the holder hereof, by its acceptance of this Certificate, agrees that it will look solely to the income and proceeds from the Trust Estate to the extent available for distribution to the holder hereof as above provided and that none of the Lessee, the Trustee or the Conditional Purchaser (as defined in the Trust Declaration) is personally liable to the holder hereof for any amounts payable under this Certificate or, subject to Section 7.02 of the Trust Declaration, the Trust Declaration. Reference is hereby made to the Trust Declaration for a statement of the rights of the

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[illegible]

EQUIPMENT LOAN TRUST DECLARATION

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SCHEDULE 3

to the foregoing Equipment Loan Trust Declaration made as of February 25, 1972 by Canada Permanent Trust Company, as Trustee, being the form of Long Term Loan Certificates, maturing on or before September 5, 1982.

CANADA PERMANENT TRUST COMPANY

AS TRUSTEE UNDER AN EQUIPMENT LOAN TRUST DECLARATION

NO. \$

8.10% CN Equipment Loan Certificate,

Due 19

SECURED BY A LEASE OF RAILWAY TRANSPORTATION EQUIPMENT TO CANADIAN NATIONAL RAILWAY COMPANY

FOR VALUE RECEIVED, Canada Permanent Trust Company, as Trustee (herein in such capacity called the "Trustee") under that certain Equipment Loan Trust Declaration (herein called the "Trust Declaration"; the terms defined therein not otherwise defined herein being herein used with the same meaning as in the Trust Declaration) made by the Trustee, hereby promises to pay to the registered holder hereof, on the day of 19 , or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Trust Declaration, on presentation and surrender of this Certificate, the sum of \$ in lawful money of Canada at any branch in Canada of the Bank of Montreal, at the holder's option, and to pay interest on the principal amount hereof from , 1972 or from the last interest payment date on which interest has been paid or made available for payment on the outstanding Loan Certificates, whichever is later, at the rate of 8.10% per annum payable half-yearly in like money at any of the said places at the holder's option on March 5 and September 5 in each year; and should the Trustee at any time make default in the payment of any principal or interest to pay interest on the amount in default at the same rate, in like money, at any of the said places, at the holder's option, and half-yearly on the same dates.

At least one day prior to each date on which interest on this Loan Certificate becomes due (except interest payable at maturity or on redemption which shall be paid upon presentation of this Loan Certificate for payment) the Trustee shall forward or cause to be forwarded by prepaid post, to the holder for the

EQUIPMENT LOAN TRUST DECLARATION

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time being, or in the case of joint holders, to one of such joint holders, at its registered address a cheque for such interest (less any tax required to be deducted) payable to the order of such holder or holders and negotiable at par at any of the places above mentioned. The forwarding of such cheque shall satisfy and discharge the liability for interest on this Loan Certificate to the extent of the amount represented thereby (plus the amount of any tax deducted as aforesaid) unless such cheque be not paid on presentation.

All payments of principal and interest hereunder and under the Trust Declaration shall be made only from the income and proceeds from the Trust Estate and only to the extent that the Trustee shall have sufficient income or proceeds from the Trust Estate to make such payments in accordance with the terms of Articles Five and Six of the Trust Declaration; and each holder hereof, by its acceptance of this Loan Certificate, agrees that it will look solely to the income and proceeds from the Trust Estate to the extent available for distribution to the holder hereof as above provided and that none of Canadian National Railway Company, the Trustee or the Conditional Purchaser (as defined in the Trust Declaration) is personally liable to the holder hereof for any amounts payable under this Loan Certificate or, subject to Section 7.02 of the Trust Declaration, the Trust Declaration.

This Loan Certificate is one of the Loan Certificates designated 8.10% CN Long Term Loan Certificates issued or to be issued by the Trustee pursuant to the terms of the Trust Declaration in an aggregate principal amount not to exceed \$11,255,000. Reference is hereby made to the Trust Declaration for a statement of the rights of the Trustee and of the holder of this Loan Certificate and of the rights of the holders of the other Loan Certificates and of the Conditional Purchaser referred to therein as well as for a statement of the terms and conditions of the trusts created by the Trust Declaration, to all of which terms and conditions each holder hereof agrees by its acceptance of this Loan Certificate.

The Trust Declaration contains provisions for holding meetings of holders of Loan Certificates and for making binding upon all such holders (a) resolutions passed by a specified majority in principal amount of the holders of Loan Certificates at such meetings in accordance with such provisions and (b) instruments in writing signed by the holders of a specified majority in principal amount of the outstanding Loan Certificates.

This Loan Certificate is interchangeable, upon payment of the charges provided in the Trust Declaration, for Loan Certificates in authorized denominations of the same maturity, at the principal office of the Trustee in the City of Toronto, or the City of Montreal, Canada, provided that no Loan Certificate of the denomination of \$1,000 or any multiple thereof may be exchanged for other Loan Certificates any of which has a denomination of less than \$1,000.

EQUIPMENT LOAN TRUST DECLARATION

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This Loan Certificate is transferable by the registered holder hereof in person or by duly authorized attorney on the registry books of the Trustee upon surrender to the Trustee of this Loan Certificate at the principal office of the Trustee in the City of Toronto, Canada, accompanied by a written instrument of transfer, duly executed by the registered holder in person or by such attorney, in form satisfactory to the Trustee, whereupon at the option of the transferee either the Trustee shall note hereon the registration particulars of such transferee or a new Loan Certificate or Certificates of the same maturity in authorized denominations for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Trustee may deem and treat the person in whose name this Loan Certificate is registered as the absolute owner hereof for the purpose of receiving payment of principal and interest and for all other purposes and shall not be affected by any notice to the contrary.

In case of the happening of an Event of Default (as defined in the Trust Declaration) or in case of the payment of any Casualty Value (as defined in the Trust Declaration) the principal amount represented by this Loan Certificate shall become or be declared due and payable in the manner and with the effect provided in the Trust Declaration.

IN WITNESS WHEREOF, the Trustee has caused this Loan Certificate to be executed under its corporate seal by the hands of two of its Authorized Signing Officers as of the day of , 19 .

CANADA PERMANENT TRUST COMPANY
as Trustee

.....
Authorized Signature

.....
Authorized Signature

EQUIPMENT LOAN TRUST DECLARATION

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FORM OF REGISTRATION

(No writing hereon except by the Trustee)

[illegible]

EQUIPMENT LOAN TRUST DECLARATION

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SCHEDULE 4

to the foregoing Equipment Loan Trust Declaration made as of February 25, 1972 by Canada Permanent Trust Company as Trustee, being the form of Long Term Loan Certificates maturing on September 5, 1987.

CANADA PERMANENT TRUST COMPANY
AS TRUSTEE UNDER AN EQUIPMENT LOAN TRUST DECLARATION

NO. §

8.10% CN Equipment Loan Certificate.

Due September 5, 1987

SECURED BY A LEASE OF RAILWAY TRANSPORTATION EQUIPMENT TO CANADIAN NATIONAL RAILWAY COMPANY

FOR VALUE RECEIVED, Canada Permanent Trust Company, as Trustee (herein in such capacity called the "Trustee") under that certain Equipment Loan Trust Declaration (herein called the "Trust Declaration"; the terms defined therein not otherwise defined herein being herein used with the same meaning as in the Trust Declaration) made by the Trustee hereby promises to pay to the registered holder hereof, on the 5th day of September, 1987, or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Trust Declaration, on presentation and surrender of this Certificate, the sum of \$ in lawful money of Canada at any branch in Canada of the Bank of Montreal, at the holder's option, and to pay interest on the principal amount hereof from , 1972 or from the latest interest payment date on which interest has been paid or made available for payment on the outstanding Loan Certificates, whichever is later, at the rate of 8.10% per annum payable half yearly in like money to any of the said places at the holder's option on March 5 and September 5 in each year; and should the Trustee at any time make default in the payment of any principal or interest to pay interest on the amount in default at the same rate, in like money, at any of the said places at the holder's option, and half yearly on the same dates.

At least one day prior to each date on which interest on this Loan Certificate becomes due (except interest payable at maturity or on redemption which shall be paid upon presentation of this Loan Certificate for payment) the Trustee shall forward or cause to be forwarded by prepaid post, to the holder for the time being, or in the case of joint holders, to one of such joint holders, at its registered address a cheque for such interest (less any tax required to be deducted) payable to the order of such holder or holders and negotiable at par

EQUIPMENT LOAN TRUST DECLARATION

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at any of the places above mentioned. The forwarding of such cheque shall satisfy and discharge the liability for interest on this Loan Certificate to the extent of the amount represented thereby (plus the amount of any tax deducted as aforesaid) unless such cheque be not paid on presentation.

All payments of principal and interest hereunder and under the Trust Declaration shall be made only from the income and proceeds from the Trust Estate and only to the extent that the Trustee shall have sufficient income or proceeds from the Trust Estate to make such payments in accordance with the terms of Articles Five and Six of the Trust Declaration; and each holder hereof, by its acceptance of this Loan Certificate, agrees that it will look solely to the income and proceeds from the Trust Estate to the extent available for distribution to the holder hereof as above provided and that none of Canadian National Railway Company, the Trustee or the Conditional Purchaser (as defined in the Trust Declaration) is personally liable to the holder hereof for any amounts payable under this Loan Certificate or, subject to Section 7.02 of the Trust Declaration, the Trust Declaration.

This Loan Certificate is one of the Loan Certificates designated 8.10% CN Long Term Sinking Fund Loan Certificates issued or to be issued by the Trustee pursuant to the terms of the Trust Declaration in an aggregate principal amount not to exceed \$11,255,000. Reference is hereby made to the Trust Declaration for a statement of the rights of the Trustee and of the holder of this Loan Certificate and of the rights of the holders of the other Loan Certificates and of the Conditional Purchaser referred to therein as well as for a statement of the terms and conditions of the trusts created by the Trust Declaration, to all of which terms and conditions each holder hereof agrees by its acceptance of this Loan Certificate.

The Trust Declaration contains provisions for holding meetings of holders of Loan Certificates and for making binding upon all such holders (a) resolutions passed by a specified majority in principal amount of the holders of Loan Certificates at such meetings in accordance with such provisions and (b) instruments in writing signed by the holders of a specified majority in principal amount of the outstanding Loan Certificates.

This Loan Certificate is interchangeable, upon payment of the charges provided in the Trust Declaration for Loan Certificates in authorized denominations of the same maturity, at the principal office of the Trustee in the City of Toronto, Canada, provided that no Loan Certificate of the denomination of \$1,000 or any multiple thereof may be exchanged for other Loan Certificates any of which has a denomination of less than \$1,000.

EQUIPMENT LOAN TRUST DECLARATION

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This Loan Certificate is also entitled to the benefits of and is subject to redemption through the operation of the sinking fund provided for by the Trust Declaration for the Loan Certificates maturing on September 5, 1987. If this Loan Certificate is called for redemption through the operation of such sinking fund, it shall be redeemable at the principal amount hereof together with interest on such principal amount accrued and unpaid to the date specified for redemption.

This Loan Certificate is transferable by the registered holder hereof in person or by duly authorized attorney on the registry books of the Trustee upon surrender to the Trustee of this Loan Certificate at the principal office of the Trustee in the City of Toronto, Canada, accompanied by a written instrument of transfer, duly executed by the registered holder in person or by such attorney, in form satisfactory to the Trustee, whereupon at the option of the transferee either the Trustee shall note hereon the registration particulars of such transferee or a new Loan Certificate or Certificates of the same maturity in authorized denominations for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Trustee may deem and treat the person in whose name this Loan Certificate is registered as the absolute owner hereof for the purpose of receiving payment of principal and interest and for all other purposes and shall not be affected by any notice to the contrary.

In case of the happening of an Event of Default (as defined in the Trust Declaration) or in case of the payment of any Casualty Value (as defined in the Trust Declaration) the principal amount represented by this Loan Certificate shall become or be declared due and payable in the manner and with the effect provided in the Trust Declaration.

IN WITNESS WHEREOF, the Trustee has caused this Loan Certificate to be executed under its corporate seal by the hands of two of its Authorized Signing Officers as of the day of , 19 .

CANADA PERMANENT TRUST COMPANY
as Trustee

.....
Authorized Signature

.....
Authorized Signature

EQUIPMENT LOAN TRUST DECLARATION

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FORM OF REGISTRATION

(No writing hereon except by the Trustee)

[illegible]

LEASE OF RAILROAD EQUIPMENT

between

CANADIAN ACCEPTANCE CORPORATION LIMITED

and

CANADIAN NATIONAL RAILWAY COMPANY

Dated as of February 28, 1972

LEASE OF RAILROAD EQUIPMENT

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LEASE OF RAILROAD EQUIPMENT dated as of February 28, 1972, between CANADIAN ACCEPTANCE CORPORATION LIMITED (hereinafter called the "Lessor") and CANADIAN NATIONAL RAILWAY COMPANY, (hereinafter called the "Lessee").

WHEREAS the Lessor has entered into a Conditional Sale Agreement dated as of February 28, 1972 (hereinafter called the "Conditional Sale Agreement"), with Canada Permanent Trust Company (hereinafter referred to as the "Vendor"), wherein the Vendor has agreed to sell and deliver to the Lessor the units of railroad equipment described in Schedule A hereto; and

WHEREAS the Vendor is purchasing the said units of railroad equipment from Hawker Siddeley Canada Ltd. and National Steel Car Corporation, Limited (hereinafter referred to collectively as the "Manufacturers" and individually as the "Manufacturer") under agreements (hereinafter collectively referred to as the "Manufacturing Agreements" and individually as the "Manufacturing Agreement") dated as of February 28, 1972 and made among the respective Manufacturers, the Lessor, the Vendor and the Lessee; and

WHEREAS the Lessee desires to lease all the units of said railroad equipment, or such lesser number as are delivered, accepted and settled for under the Manufacturing Agreements on or prior to July 6, 1972 (hereinafter called the "Units"), at the rentals and for the terms and upon the conditions hereinafter provided.

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions, but, upon default of the Lessee hereunder, subject to all the rights and remedies of the Vendor under the Conditional Sale Agreement:

§ 1. *Delivery and Acceptance of Units.* The Lessor will cause each Unit to be tendered to the Lessee at the point or points in Canada and on the date or dates specified in Schedule II to the Manufacturing Agreements. Upon such tender, the Lessee will cause an authorized representative of the Lessee to inspect the same, and if such Unit is found to be in good order, to accept delivery of such Unit, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease. Any Unit or Units excluded from the Conditional Sale Agreement pursuant to Article 2 thereof and Article 2 of the Manufacturing Agreements shall likewise be excluded from this Lease. Upon such tender, the Lessee shall execute and deliver to the Lessor, to the Vendor and to the Manufacturer of such Unit, a certificate of acceptance and delivery respecting Units theretofore delivered to the Lessee in the manner aforesaid (hereinafter called a

LEASE OF RAILROAD EQUIPMENT

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“Lease Schedule”) substantially in the form of Schedule “B” annexed hereto and upon execution thereof as aforesaid shall be attached hereto and form part hereof. In no event shall the Lessee place any Unit in service or otherwise use any Unit prior to the delivery by the Lessee in the manner aforesaid of a Lease Schedule relating to such Unit.

The Lessee represents and warrants that, at the time of delivery of each Unit to the Lessee, such Unit will not have been used by the Lessee and no capital cost allowance as provided for under the Act (as defined in § 15 hereof) will have been claimed by the Lessee with respect thereto.

§ 2. *Rentals.* The Lessee agrees to pay to the Lessor as rental for each Unit subject to this Lease thirty-one (31) consecutive semi-annual payments, payable on the business day next preceding February 28 and August 28 of each year commencing August 28, 1972. The first of such half-yearly payments shall be in an amount equal to .0224658% of the Unit Cost (as defined in the Manufacturing Agreements) of each Unit subject to this Lease for each day elapsed from and including the date such Unit is settled for under the Manufacturing Agreements to August 28, 1972; the next ten (10) of such payments shall be in an amount equal to 3.03752% of the Unit Cost of each Unit; and the remaining twenty (20) of such payments shall be in an amount equal to 6.52105% of the Unit Cost of each Unit.

All payments provided for in this Lease to be made to the Lessor shall be paid to the Lessor at Two St. Clair Avenue West, Toronto, Ontario, or to such address as from time to time may be designated by the Lessor.

This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatement, reductions or setoffs due or alleged to be due to, or by reason of, any past, present or future claims of the Lessee against the Lessor under this Lease or the Manufacturers or the Vendor under the Manufacturing Agreements or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use of or destruction of all or any of the Units from whatsoever cause, the prohibition of or other restriction against use of all or any of the Units by the Lessee or any other person, the interference with such use by any private person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

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§ 3. *Term of Lease.* The term of this Lease as to each Unit shall begin on the date of the delivery to and acceptance by the Lessee of such Unit and, subject to the provisions of §§1, 6, 9 and 12 hereof, shall terminate on August 28, 1987.

Notwithstanding anything to the contrary contained herein, all rights and obligations under this Lease and in and to the Units, upon default by the Lessee hereunder, are subordinate, junior in rank and subject to the rights of the Vendor under the Conditional Sale Agreement and the Lease Assignment.

§ 4. *Identification Marks.* The Lessee will cause such Unit to be kept numbered with the identifying number set forth in Schedule A hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of such Unit, in letters not less than three-eighths inch in height, the following words:

"OWNED BY CANADA PERMANENT TRUST COMPANY, 320 BAY STREET, TORONTO, CANADA, AS TRUSTEE AND VENDOR UNDER THE TERMS OF AN EQUIPMENT LOAN TRUST DECLARATION AND A CONDITIONAL SALE AGREEMENT"

or other appropriate words designated by the Lessor, with appropriate changes therein and additions thereto as from time to time may be required by law in order to protect the title of the Lessor or the Vendor to such Unit and the rights of the Lessor under this Lease and of the Vendor under the Conditional Sale Agreement. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such names and word or words shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. The Lessee will not change or permit to be changed the identifying number of any Unit except in accordance with a statement of new identifying numbers to be substituted therefor, which statement previously shall have been filed with the Vendor and the Lessor by the Lessee and filed, recorded or deposited in all public offices where this Lease will have been filed, recorded or deposited.

Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Units as a designation that might be interpreted as a claim of ownership; *provided, however*, that the Lessee may cause the Units to be lettered with the names or initials or other insignia customarily used by the Lessee or any permitted sublessee on railroad equipment used by them of the same or a similar type for convenience of identification of their rights to use the Units as permitted under this Lease.

§ 5. *Taxes.* All payments to be made by the Lessee hereunder will be free of expense to the Lessor and the Vendor for collection or other charges and

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will be free of expense to the Lessor and the Vendor with respect to the amount of any Canadian, United States or Mexican local, state, federal or provincial taxes (other than any Canadian local, provincial or federal income taxes and, to the extent that the Lessor receives credit for such taxes against any of its said Canadian income tax liability, any United States or Mexican, local, state or federal income tax, payable by the Lessor in consequence of the receipt of payments provided herein and other than the aggregate of all local, provincial or city income taxes or franchise taxes measured by net income based on such receipts, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided), assessments, duties or license fees, and any charges, fines or penalties in connection therewith (all such expenses, taxes, assessments, duties, license fees, charges, fines and penalties being hereinafter called "Impositions"), hereafter levied or imposed upon or in connection with or measured by, this Lease or any sale, rental, use, payment, shipment, import, export, delivery or transfer of title under the terms hereof, of the Manufacturing Agreements or of the Conditional Sale Agreement, all of which Impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. At the option of the Lessor, such payment of Impositions by the Lessee shall be made directly to the appropriate taxing authority. The Lessee will also pay promptly all Impositions which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom or upon the Lessor solely by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all Impositions which might in any way affect the title of the Lessor or the Vendor or result in a lien upon such Unit; *provided, however*, that the Lessee shall be under no obligation to pay any Impositions so long as it is contesting in good faith and by appropriate legal proceedings such Impositions and the nonpayment thereof does not, in the opinion of the Lessor or Vendor, adversely affect the property or rights of the Lessor or Vendor hereunder, under the Manufacturing Agreements or under the Conditional Sale Agreement. If any Impositions shall have been charged or levied against the Lessor or the Vendor directly and paid by the Lessor or the Vendor, the Lessee shall reimburse the Lessor or the Vendor on presentation of an invoice therefor; *provided, however*, that the Lessee shall not be obligated to reimburse the Lessor or the Vendor for any Imposition so paid unless, (a) prior to such payment, the Lessor or the Vendor shall have obtained the opinion of either of their respective counsel that either the Vendor or the Lessor was liable to pay such Imposition, or (b) the Lessee shall have approved of such payment.

In the event any reports with respect to Impositions are required to be made, the Lessee will either make such reports in such manner as to show the interests of the Lessor and the Vendor in such Units or notify the Lessor and the Vendor of such requirement and will make such reports in such manner as shall be satisfactory to the Lessor and the Vendor.

LEASE OF RAILROAD EQUIPMENT

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In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any Impositions pursuant to this § 5, such liability shall continue, notwithstanding the expiration of this Lease, until all such Impositions are paid or reimbursed by the Lessee.

§ 6. *Payment for Casualty Occurrences.* In the event that any Unit shall be or become worn out, lost, stolen, destroyed, irreparably damaged or damaged beyond economic repair, from any cause whatsoever or taken or requisitioned by condemnation, expropriation or otherwise (such occurrences being hereinafter called "Casualty Occurrences") during the term of this Lease, the Lessee shall promptly after it shall have determined that such Unit has suffered a Casualty Occurrence, fully inform the Lessor and the Vendor in regard thereto. The Lessee shall (a) within the then current taxation year of the Lessor, either (i) replace such Unit with another unit of railway equipment of the same or similar type and with a value not less than the Fair Market Value (as defined in § 12 hereof) of such Unit immediately prior to its suffering the Casualty Occurrence, or (ii) with the prior written consent of the Lessor and of the holders of not less than 66⅔% in principal amount of the issued and outstanding Loan Certificates, replace such Unit with other railway equipment having a value not less than the Fair Market Value of such Unit immediately prior to its suffering the Casualty Occurrence which is acceptable to the Lessor and such holders, and thereupon such other unit or such other railway equipment shall be and become part of the Units hereunder and be subject to all the terms and provisions hereof and in such event no rental payable hereunder with respect to such Unit as has suffered a Casualty Occurrence or such other unit or such other railway equipment replacing such Unit shall abate, or (b) continue to pay rent in respect of such Unit and, upon 15 days prior written notice to the Lessor and the Vendor pay, on any rental payment date which is more than 15 days after such Casualty Occurrence and not later than the rental payment date next following the end of the Lessor's current taxation year, to the Lessor an amount equal to the accrued unpaid rental for such Unit to the date of such payment plus a sum equal to the Casualty Value, as hereinafter defined, of such Unit on the applicable rental payment date. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue and the term of this Lease as to such Unit shall terminate. The Lessor shall, upon request of the Lessee, after payment by the Lessee of a sum equal to the Casualty Value of any such Unit, deliver to or upon the order of the Lessee a bill of sale (without warranties) for such Unit executed by the Lessor and the Vendor and such other or others as may be required in order to transfer to the Lessee such title to such Unit as the Lessor or the Vendor derived from the respective Manufacturer free and clear of all liens, security interests and other encumbrances arising through the Lessor or the Vendor.

The Casualty Value of each Unit as of any rental payment date shall be

LEASE OF RAILROAD EQUIPMENT

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that percentage of the Unit Cost applicable to such Unit set forth in the schedule set out below opposite such rental payment date:

<u>Rental Payment Date</u>	<u>Percentage</u>	<u>Rental Payment Date</u>	<u>Percentage</u>
August 28, 1972.....	100.9375%	February 28, 1985.....	49.7410%
February 28, 1973.....	102.2759%	August 28, 1985.....	44.5948%
August 28, 1973.....	103.6142%	February 28, 1986.....	39.1324%
February 28, 1974.....	104.2046%	August 28, 1986.....	33.6699%
August 28, 1974.....	105.7949%	February 28, 1987.....	27.8826%
February 28, 1975.....	106.6839%	August 28, 1987.....	22.0953%
August 28, 1975.....	107.5728%	February 28, 1988.....	20.7143%
February 28, 1976.....	108.2919%	August 28, 1988.....	19.3332%
August 28, 1976.....	109.0110%	February 28, 1989.....	17.9522%
February 28, 1977.....	109.5853%	August 28, 1989.....	16.5711%
August 28, 1977.....	110.1595%	February 28, 1990.....	15.1901%
February 28, 1978.....	107.0981%	August 28, 1990.....	13.0890%
August 28, 1978.....	104.0366%	February 28, 1991.....	12.4280%
February 28, 1979.....	100.6765%	August 28, 1991.....	11.0469%
August 28, 1979.....	97.3163%	February 28, 1992.....	9.6659%
February 28, 1980.....	93.6622%	August 28, 1992.....	8.2848%
August 28, 1980.....	90.0081%	February 28, 1993.....	7.9563%
February 28, 1981.....	86.0617%	August 28, 1993.....	7.6278%
August 28, 1981.....	82.1153%	February 28, 1994.....	7.2993%
February 28, 1982.....	77.8755%	August 28, 1994.....	6.9708%
August 28, 1982.....	73.6357%	February 28, 1995.....	6.6423%
February 28, 1983.....	69.0994%	August 28, 1995.....	6.3139%
August 28, 1983.....	64.5630%	February 28, 1996.....	5.9854%
February 28, 1984.....	59.7251%	August 28, 1996.....	5.6569%
August 28, 1984.....	54.8871%	February 28, 1997.....	5.3284%
		August 28, 1997.....	5.0000%

Except as hereinabove in this § 6 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit after delivery to and acceptance thereof by the Lessee hereunder. The Lessor represents that its taxation year ends on December 31 and will forthwith notify the Lessee of any change in its taxation year.

Although the Lessee shall not be required to maintain insurance on any Unit other than as provided in § 8 hereof, the Lessee agrees that the benefits of any insurance maintained by it upon the Units will be made available to the Lessor and the Vendor, as their interests may appear, to the extent the Lessee is permitted to do so under such policies of insurance. Any net insurance proceeds as the result of insurance carried by the Lessee or proceeds of payments as com-

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pensation for requisition by condemnation or expropriation received by the Lessor in respect of Units suffering a Casualty Occurrence shall be deducted from the amounts payable by the Lessee to the Lessor in respect of Casualty Occurrences pursuant to this § 6. If the Lessor shall receive any such net insurance proceeds or any such condemnation or expropriation payments after the Lessee shall have made payments pursuant to this § 6 without deduction for such net insurance proceeds or such condemnation or expropriation payments, the Lessor shall pay such proceeds to the Lessee up to an amount equal to the Casualty Value with respect to a Unit paid by the Lessee and any balance of such proceeds shall remain the property of the Lessor.

§ 7. *Annual Reports.* On or before February 15 in each year commencing with the year 1973, the Lessee will cause to be furnished to the Lessor and the Vendor in such number of counterparts or copies as may reasonably be requested an accurate statement signed by the Lessee's authorized representative, as of the preceding January 1, (a) showing the amount, description and numbers of the Units then leased hereunder, the amount, description and number of all Units that may have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Lease, in the case of the first such statement), and such other information regarding the condition and state of repair of the Units as the Lessor or the Vendor may reasonably request and (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the markings required by § 4 hereof and Article 4 of the Conditional Sale Agreement shall have been preserved or replaced. The Lessor shall have the right at its sole cost and expense, by its authorized representatives, to inspect the Units and the Lessee's records with respect thereto, at such times as shall be reasonably necessary to confirm to the Lessor the existence and proper maintenance thereof during the continuance of this Lease.

§ 8. *Disclaimer of Warranties; Lessor's Representation and Warranties; Compliance with Laws and Rules; Maintenance; Indemnification; Insurance.* The Lessor makes no warranty or representation, either express or implied, as to the design or compliance with specifications or condition of, or as to the quality of the material, equipment or workmanship in, or as to the suitability, adequacy, operation, use or performance of, the Units delivered to the Lessee hereunder, and the Lessor makes no warranty of merchantability or fitness of the Units for any particular purpose, it being agreed that all such risks, as between the Lessor and the Vendor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name and for the account of the Lessor and/or the Lessee, as their interests may appear, whatever claims and rights the Lessor may have under the provisions of the Manufacturing Agreements. Lessor shall have no responsibility or liability under this Lease to the Lessee or any other

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person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstance in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipatory profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. Lessee's acceptance of delivery of the Units shall be conclusive evidence as between the Lessee and the Lessor that all Units described in the applicable Lease Schedule are in all the foregoing respects satisfactory to the Lessee and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The Lessor represents and warrants as follows:

(i) At the time of delivery of each Unit under this Lease, the Lessor shall have such title to such Unit as is derived from the Manufacturer of such Unit and the Vendor, unimpaired by any act or omission of the Lessor which will in any manner prevent the performance of this Lease in accordance with its terms and, in addition, such Unit shall be free and clear of all claims, liens and encumbrances, except those created or arising under the Conditional Sale Agreement, which may result from claims against the Lessor not arising out of the ownership thereof which will prevent the performance of this Lease in accordance with its terms; and

(ii) So long as the Lessee shall not be in default under this Lease, the Lessor shall not do (or suffer to be done by any person claiming through or against the Lessor and not against the Lessee or any sub-lessee) any act which interferes with any and all rights of the Lessee to peaceably and quietly hold, possess and use the Units in accordance with the terms of this Lease.

The Lessor covenants that any sale, assignment, transfer, mortgage or other disposition which it may make of this Lease or of any Unit, whether prior or subsequent to delivery to the Lessee shall be expressly subject to the terms and provisions of this Lease; *provided, however*, that this Lease shall be subordinated to the rights of the Vendor under the Conditional Sale Agreement and the Lease Assignment but neither the Lessor nor the Vendor shall have the right to terminate or impair the Lessee's possession or use of the property subject to this Lease in accordance with the Terms of this Lease, nor to require performance by the Lessee of any obligation or payment under the Conditional Sale Agreement so long as the Lessee shall not be in default under this Lease; and, subject to the foregoing, the Lessor covenants that the Lessor has not done and will not do (or suffer to be done by any person claiming through or against the Lessor) any act which interferes with or impairs (x) the Lessee's possession and use in accordance with the terms of this Lease of the Units or (y) the title to the

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Units which may be transferred or conveyed to the Lessee under the provisions of §§ 6 and 12 of this Lease and that any title so conveyed shall then be free of any lien, claim and encumbrance of the Vendor.

The Lessor covenants and agrees not to alter, amend, modify or cancel the Conditional Sale Agreement or the Lease Assignment without the prior written consent of the Lessee, and to include a provision to such effect in the said Conditional Sale Agreement and Lease Assignment.

The Lessee agrees, for the benefit of the Lessor and the Vendor, to comply in all respects with all laws of the jurisdictions in which the Units may be operated, with the interchange rules of the Association of American Railroads, if applicable, and with all lawful rules of the Canadian Transport Commission and the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units and the Lessee shall and does hereby indemnify the Lessor and the Vendor and agrees to hold the Lessor and the Vendor harmless from and against any and all liability that may arise from any infringement or violation of any such laws or rules by the Lessor or the Lessee, or their employees, or any other person. In the event that such laws or rules require alteration of the Units or in case any equipment or appliance on any such Unit shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on such Unit in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such alterations, changes, additions and replacements at its own expense; and the Lessee agrees at its own expense to use, maintain and operate such Unit in full compliance with such laws, regulations, requirements and rules so long as it is subject to this Lease; *provided, however*, that the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor or the Vendor, adversely affect the property rights of the Lessor or the Vendor hereunder or under the Conditional Sale Agreement.

The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Lease in good order and repair, reasonable wear and tear excepted.

Any and all additions to any Unit and any and all parts installed on or replacements made to any Unit shall be considered accessions to such Unit (except such as can be removed without damage to, and without impairing the originally intended function or use of, such Unit, including without limitation, racks or partitions [hereinafter called Temporary Alterations]), and at the cost and expense of the Lessee, full ownership thereof free of any lien, charge, security interest or encumbrance (except for those created by the Conditional Sale Agreement) shall immediately be vested in the Lessor and the Vendor as their

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On each Closing Date, the Lessor will deliver to the Vendor and the Lessee counterparts, addressed to the Vendor and the Lessee, in scope and substance satisfactory to the Vendor and the Lessee and their respective counsel:

(i) of the written opinion of counsel for the Lessor to the effect that:

A. the Lessor is a corporation legally incorporated and validly existing, in good standing, under the laws of Canada, with adequate corporate power to enter into the Conditional Sale Agreement, this Lease and any assignment thereof; and

B. the Manufacturing Agreements, the Conditional Sale Agreement, this Lease and any assignment hereof to the Vendor have been duly authorized, executed and delivered by the Lessor and constitute legal and valid agreements binding upon the Lessor and enforceable in accordance with their terms; and

C. the entering into and performance of the Conditional Sale Agreement, Manufacturing Agreement and this Lease will not result in any breach of, or constitute a default under, any indenture, mortgage, deed of trust, bank loan or credit agreement or other agreement or instrument to which the Lessor is a party or by which it may be bound or contravene any provision of law, statute, rule or regulation to which the Lessor is subject or any judgment, decree, franchise, order or permit applicable to the Lessor.

(ii) of the written opinion of counsel for the Manufacturer or Manufacturers delivering Units on such Closing Date to the effect that such Bill of Sale has been duly authorized, executed and delivered, that such Bill of Sale is valid and effective to transfer to the Vendor title in such Units free from all prior liens, charges or other encumbrances and that, at the time of delivery thereof to the Vendor under the Manufacturing Agreement, each Unit was free of all claims, liens, security interests and other encumbrances except only the rights of the Lessor as purchaser under the Conditional Sale Agreement and the rights of the Lessee under this Lease.

(iii) of the written opinion of counsel for the Vendor to the effect that:

A. the Vendor is a corporation legally incorporated and validly existing, in good standing, under the laws of the jurisdiction of its incorporation, with adequate corporate power to enter into the Trust Declaration, the Manufacturing Agreements and the Conditional Sale Agreement; and

B. the Trust Declaration, the Manufacturing Agreements and the Conditional Sale Agreement have been duly authorized, executed and delivered by the Vendor and constitute legal and valid agreements binding upon the Vendor and enforceable in accordance with their terms; and

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C. at the time of delivery thereof to the Lessor under the Conditional Sale Agreement, each Unit was free of all claims, liens, security interests and other encumbrances except only the rights of the Company under the Conditional Sale Agreement and the rights of the Lessee under this Lease.

D. The entering into and performance of the Trust Declaration, the Conditional Sale Agreement and the Manufacturing Agreements will not result in any breach of, or constitute a default under, any indenture, mortgage, deed of trust, bank loan or credit agreement or other agreement or instrument to which the Vendor is a party or by which it may be bound or contravene any provision of law, statute, rule or regulation to which the Vendor is subject or any judgment, decree, franchise, order or permit applicable to the Vendor.

In giving the opinions required by this §14, counsel may qualify their opinions relating to the enforceability of agreements in accordance with their terms as being subject to any applicable bankruptcy, re-organization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally from time to time in effect.

§ 15. *Income Taxes.* The Lessor, as the owner of each Unit, shall be entitled to capital cost allowance with respect to the Units computed at a rate of not less than 20% per annum on a declining balance against all its income from whatever source as provided by the Income Tax Act (Canada), the Regulations thereunder, corporate income tax statutes of any Province or Territory of Canada, and the regulations thereunder, all as amended to the date hereof (hereinafter collectively referred to as the Act).

If, due to any amendment, change or repeal of the Act, in whole or in part, occurring within the first eight years of the term hereof (but other than for the reasons set forth below) the Lessor shall lose or shall not have the right to claim or shall suffer a disallowance of all or any portion of such capital cost allowance with respect to any Unit, the rental rate applicable to such Unit set forth in § 2 of this Lease shall, on and after the next succeeding rental payment date after written notice to the Lessee by the Lessor that such capital cost allowance has not been claimed, or if claimed and then disallowed on and after the next succeeding rental date after payment of the tax attributable thereto, be increased by such amount for such Unit which, in the reasonable opinion of the Lessor, will cause the Lessor's net return in respect of such Unit under this Lease to equal the net return that would have been available if the Lessor had been entitled to utilization of all or such portion of such capital cost allowance which was not claimed or was disallowed and the Lessee shall forthwith pay to the Lessor the amount of any interest and/or penalty, which may be

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assessed under the Act against the Lessor attributable to the loss of all or any portion of such capital cost allowance; *provided, however*, that such rental rate shall not be so increased if the Lessor shall have lost, or shall not have, or shall have lost the right to claim, or if there shall have been disallowed with respect to the Lessor, all or any portion of such capital cost allowance with respect to such Unit as a direct result of the occurrence of any of the following events:

(i) a Casualty Occurrence with respect to such Unit, if the Lessee shall have paid to the Lessor the amounts stipulated under § 6 hereof;

(ii) a voluntary transfer by the Lessor (other than by the assignment of this Lease to the Vendor) of legal title to such Unit, the disposition by the Lessor of any interest in such Unit or the reduction by the Lessor of its interest in the rentals from such Unit under the Lease, unless, in each case, an Event of Default shall have occurred and be continuing;

(iii) the amendment either of the Conditional Sale Agreement or of the assignment of this Lease to the Vendor without the prior written consent of the Lessee;

(iv) the failure of the Lessor to claim such capital cost allowance in its income tax return for the appropriate year or the failure of the Lessor to follow proper procedure in claiming such capital cost allowance; or

(v) the failure of the Lessor to have sufficient income to benefit from the deduction of such capital cost allowance.

The Lessor agrees that if, in the opinion of its or the Lessee's independent tax counsel (herein referred to as Counsel), a bona fide claim to all or a portion of such capital cost allowance on any Unit, exists in respect of which the Lessee is required to pay increased rental and interest and/or penalty as aforesaid to the Lessor as above provided, the Lessor shall, upon request and at the expense of the Lessee, take all such legal or other appropriate action deemed reasonable by Counsel in order to sustain such claim. The Lessor may take such action prior to making payment of the amounts claimed pursuant to a notice of disallowance or may make such payment and then sue for a refund. In the latter event, if the final determination shall be adverse to the Lessor, the Lessee shall pay to the Lessor interest on the amount of the tax paid attributable to such capital cost allowance disallowed, computed at the rate of 8.10% per annum from the date of payment of such tax to the date the Lessee shall reimburse the Lessor for such tax in accordance with the provisions of this § 15.

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The Lessor shall not be obligated to take any such legal or other appropriate action unless the Lessee shall first have indemnified the Lessor for all liabilities and expenses which may be entailed therein and shall have furnished the Lessor with such reasonable security therefor as may be requested.

The Lessee's agreement to pay any sums which may become payable pursuant to this § 15 shall survive the expiration or other termination of this Lease.

§ 16. *Mileage Allowance; Subrogation.* Provided the Lessee is not in default hereunder, the Lessee shall be entitled to (i) all mileage allowances and other moneys payable by reason of the use of the Units, and any such mileage allowances or other moneys received by the Lessor shall be forthwith remitted to the Lessee, and (ii) the proceeds of any claim or right of the Lessor or the Lessee against third persons for injury, damage or loss with respect to any Unit or the use or operation thereof, including settlements pursuant to the rules of the Association of American Railroads, up to an amount equal to the Casualty Value of any Unit which shall have suffered a Casualty Occurrence, paid by the Lessee to the Lessor or the actual expense of repair of a Unit not suffering a Casualty Occurrence paid by the Lessee, as set forth in a certificate of the Treasurer or Chief Accounting Officer of the Lessee, and the Lessee shall be subrogated to the extent of the Lessee's interest to all the Lessor's rights of recovery therefor against any other person, firm or corporation. The Lessor hereby authorizes the Lessee to make settlement of, receive payment and receipt for any and all such claims on behalf of the Lessor, and the Lessor agrees to execute and deliver from time to time such instruments and do such other acts and things as may be necessary or appropriate more fully to evidence the Lessee's authority and/or to vest in the Lessee such proceeds to the extent of the Lessee's interest therein or to effect such subrogation; and in the event of any loss, damage or destruction in respect of which the Lessee is entitled to proceeds or subrogation as aforesaid, the Lessor shall refrain from doing any act or executing any instrument which would prejudice the right of the Lessee to such proceeds or to such subrogation.

§ 17. *Additional Covenant of the Lessee.* The Lessee covenants and agrees from time to time at its expense to do all acts and execute all such instruments of further assurance as it shall be reasonably requested by the Lessor to do or execute for the purpose of fully carrying out and effectuating this Lease and the intent hereof.

§ 18. *Recording; Expenses.* Prior to the delivery and acceptance of any of the Units, the Lessor will, at the expense of the Lessor, cause this Lease and any assignment hereof (a) to be duly deposited in the office of the Registrar General of Canada and will cause the required notice of such deposit forthwith

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thereafter to be published in *The Canada Gazette* in accordance with Section 86 of the Railway Act R.S.C. 1970, c. R-2 and (b) to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act of the United States of America.

The Lessee will, from time to time and at its expense, do and perform any act and will execute, acknowledge and deliver any and all further instruments required by law or reasonably requested by the Lessor for the purpose of proper protection, to the satisfaction of the Lessor and its counsel, of the Vendor's and the Lessor's respective interests hereunder in the Units, or for the purpose of carrying out the intention of this Lease and any assignment hereof. The Lessee will promptly furnish to the Vendor and the Lessor evidence of such execution, acknowledgement and delivery.

The Lessor will pay the reasonable costs and expenses involved in the preparation and printing of this Lease. The Lessor and the Lessee will each, respectively, bear the fees and disbursements of any counsel which it may respectively retain.

§ 19. *Interest on Overdue Rentals.* Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay also an amount equal to 9% per annum of the amount of the overdue rentals for the period of time during which they are overdue.

§ 20. *Notices.* Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in a Canadian Post Box, first-class postage prepaid, addressed as follows:

if to the Lessor, Two St. Clair Avenue West, Toronto, Ontario,
attention of the Treasurer;

if to the Lessee, at P.O. Box 8100, Montreal 101, Quebec, Canada,
attention of the Treasurer;

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

§ 21. *Severability; Effect and Modification of Lease.* Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the Units and supersedes all other agreements, oral

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or written, with respect to the Units. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the parties hereto.

§ 22. *Execution.* This Lease may be executed in several counterparts, each of which so executed shall be deemed to be an original, and in each case such counterparts together shall constitute but one and the same instrument.

Although this Lease is dated as of February 28, 1972, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgements hereto annexed.

§ 23. *Law Governing.* This Lease shall be construed in accordance with the laws of Ontario.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused these presents to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed, as of the date first above written.

CANADIAN ACCEPTANCE CORPORATION LIMITED

by.....
Vice-President

[CORPORATE SEAL]

.....
Assistant Secretary

CANADIAN NATIONAL RAILWAY COMPANY,

Approved
as to form
Attorney

by.....
● ● ●

[CORPORATE SEAL]

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SCHEDULE A

Type and Specifications	Manufacturer	Manufacturer's Plant	Quantity	Road Numbers (inclusive)	Unit Base Price	Total Base Price	Date and Place of Delivery
4 Container Flat Cars; CN Specification F-50-9 dated June 1970, General Arrangement Drawing CN 9H-37285, Specification SS-1966 and Addendum No. 1 to Specification F-50-9 dated 24 March, 1971	Hawker Siddeley Canada Ltd.	Trenton, Nova Scotia	100	CN639527 to 639626	\$18,680.04	\$1,868,004.00	Mar.-Apr. 1972 F.O.B. Canadian National Railway Company tracks
100 Ton Drop End Gondola Cars; CN Specification F-60-9 dated May 1970, General Arrangement Drawing CN8H-37488-A and Specification SS 1966	Hawker Siddeley Canada Ltd.	Trenton, Nova Scotia	300	CN157000 to 157299	\$20,467.88	\$6,140,364.00	Mar.-May 1972 F.O.B. Canadian National Railway Company Tracks
70 Ton Bi-level Flat Cars; CN Specification F-150-1 dated May, 1971, General Arrangement Drawing CN9H-37477 and Specification SS 1966	Hawker Siddeley Canada Ltd.	Trenton, Nova Scotia	75	CN710500 to 710574	\$28,642.65	\$2,148,198.75	Apr.-May 1972 F.O.B. Canadian National Railway Company tracks
70-Ton Bi-level Flat Cars; CN Specification F-150-1 dated May 1971, General Arrangement Drawing CN9H-37477 and Specification SS 1966	Hawker Siddeley Canada Ltd.	Trenton, Nova Scotia	75	CN710575 to 710649	\$28,206.69	\$2,115,501.75	May-June 1972 F.O.B. Canadian National Railway Company tracks
Woodchip Cars; CN Specification F-160-3 dated September 1971, General Arrangement Drawing 9H-37570-A and Specifications SS 1966	National Steel Car Corporation, Limited	Hamilton, Ontario	125	CN880600 to 880724	\$16,167.68	\$2,020,960.00	Mar.-Apr. 1972 F.O.B. Canadian National Railway Company tracks

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SCHEDULE B

EQUIPMENT LEASE—SCHEDULE NO. •

Dated the day of , 1972 to Lease dated as of the 28th day of February, 1972 ("Lease") between CANADIAN ACCEPTANCE CORPORATION LIMITED ("Lessor") and CANADIAN NATIONAL RAILWAY COMPANY ("Lessee").

1. The terms used herein shall have the meaning given to such terms in the Lease in accordance with the terms thereof.
2. The Lessor and the Lessee hereby confirm that the Units of Equipment described in Schedule "A" annexed hereto and forming part hereof have been delivered to, examined and accepted by the Lessee on the date hereof as Units leased under the Lease and are accordingly subject to and governed thereby and that the term of the Lease with respect thereto shall commence on the date hereof.
3. The Lessee does hereby acknowledge and confirm that the said Units of Equipment have been examined by duly appointed and authorized employees or representatives of the Lessee and that such examination discloses that same conform to the Specifications more particularly defined in the Manufacturing Agreements and are in good operating order, repair, condition and appearance on the date hereof.
4. The Lessee does hereby certify that at the time of such delivery of the Units to the Lessee there was plainly, permanently and conspicuously stencilled on each side thereof the following legend in letters not less than three-eighths inch in height:

"OWNED BY CANADA PERMANENT TRUST COMPANY, 320 BAY STREET, TORONTO, CANADA, AS TRUSTEE AND VENDOR UNDER THE TERMS OF AN EQUIPMENT LOAN TRUST DECLARATION AND A CONDITIONAL SALE AGREEMENT".

Approved and agreed to this day of , 1972 as a Schedule to and part of the Lease made between the parties hereto as of the 28th day of February, 1972.

CANADIAN ACCEPTANCE CORPORATION LIMITED

By:.....

CANADIAN NATIONAL RAILWAY COMPANY

By:.....

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SCHEDULE "A" TO EQUIPMENT LEASE SCHEDULE NO.			
<u>QUANTITY</u>	<u>DESCRIPTION OF UNITS</u>	<u>MANUFACTURER</u>	<u>IDENTIFYING NUMBERS</u>

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On each Closing Date, the Lessor will deliver to the Vendor and the Lessee counterparts, addressed to the Vendor and the Lessee, in scope and substance satisfactory to the Vendor and the Lessee and their respective counsel:

(i) of the written opinion of counsel for the Lessor to the effect that:

A. the Lessor is a corporation legally incorporated and validly existing, in good standing, under the laws of Canada, with adequate corporate power to enter into the Conditional Sale Agreement, this Lease and any assignment thereof; and

B. the Manufacturing Agreements, the Conditional Sale Agreement, this Lease and any assignment hereof to the Vendor have been duly authorized, executed and delivered by the Lessor and constitute legal and valid agreements binding upon the Lessor and enforceable in accordance with their terms; and

C. the entering into and performance of the Conditional Sale Agreement, Manufacturing Agreement and this Lease will not result in any breach of, or constitute a default under, any indenture, mortgage, deed of trust, bank loan or credit agreement or other agreement or instrument to which the Lessor is a party or by which it may be bound or contravene any provision of law, statute, rule or regulation to which the Lessor is subject or any judgment, decree, franchise, order or permit applicable to the Lessor.

(ii) of the written opinion of counsel for the Manufacturer or Manufacturers delivering Units on such Closing Date to the effect that such Bill of Sale has been duly authorized, executed and delivered, that such Bill of Sale is valid and effective to transfer to the Vendor title in such Units free from all prior liens, charges or other encumbrances and that, at the time of delivery thereof to the Vendor under the Manufacturing Agreement, each Unit was free of all claims, liens, security interests and other encumbrances except only the rights of the Lessor as purchaser under the Conditional Sale Agreement and the rights of the Lessee under this Lease.

(iii) of the written opinion of counsel for the Vendor to the effect that:

A. the Vendor is a corporation legally incorporated and validly existing, in good standing, under the laws of the jurisdiction of its incorporation, with adequate corporate power to enter into the Trust Declaration, the Manufacturing Agreements and the Conditional Sale Agreement; and

B. the Trust Declaration, the Manufacturing Agreements and the Conditional Sale Agreement have been duly authorized, executed and delivered by the Vendor and constitute legal and valid agreements binding upon the Vendor and enforceable in accordance with their terms; and

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C. at the time of delivery thereof to the Lessor under the Conditional Sale Agreement, each Unit was free of all claims, liens, security interests and other encumbrances except only the rights of the Company under the Conditional Sale Agreement and the rights of the Lessee under this Lease.

D. The entering into and performance of the Trust Declaration, the Conditional Sale Agreement and the Manufacturing Agreements will not result in any breach of, or constitute a default under, any indenture, mortgage, deed of trust, bank loan or credit agreement or other agreement or instrument to which the Vendor is a party or by which it may be bound or contravene any provision of law, statute, rule or regulation to which the Vendor is subject or any judgment, decree, franchise, order or permit applicable to the Vendor.

In giving the opinions required by this §14, counsel may qualify their opinions relating to the enforceability of agreements in accordance with their terms as being subject to any applicable bankruptcy, re-organization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally from time to time in effect.

§ 15. *Income Taxes.* The Lessor, as the owner of each Unit, shall be entitled to capital cost allowance with respect to the Units computed at a rate of not less than 20% per annum on a declining balance against all its income from whatever source as provided by the Income Tax Act (Canada), the Regulations thereunder, corporate income tax statutes of any Province or Territory of Canada, and the regulations thereunder, all as amended to the date hereof (hereinafter collectively referred to as the Act).

If, due to any amendment, change or repeal of the Act, in whole or in part, occurring within the first eight years of the term hereof (but other than for the reasons set forth below) the Lessor shall lose or shall not have the right to claim or shall suffer a disallowance of all or any portion of such capital cost allowance with respect to any Unit, the rental rate applicable to such Unit set forth in § 2 of this Lease shall, on and after the next succeeding rental payment date after written notice to the Lessee by the Lessor that such capital cost allowance has not been claimed, or if claimed and then disallowed on and after the next succeeding rental date after payment of the tax attributable thereto, be increased by such amount for such Unit which, in the reasonable opinion of the Lessor, will cause the Lessor's net return in respect of such Unit under this Lease to equal the net return that would have been available if the Lessor had been entitled to utilization of all or such portion of such capital cost allowance which was not claimed or was disallowed and the Lessee shall forthwith pay to the Lessor the amount of any interest and/or penalty, which may be

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assessed under the Act against the Lessor attributable to the loss of all or any portion of such capital cost allowance; *provided, however*, that such rental rate shall not be so increased if the Lessor shall have lost, or shall not have, or shall have lost the right to claim, or if there shall have been disallowed with respect to the Lessor, all or any portion of such capital cost allowance with respect to such Unit as a direct result of the occurrence of any of the following events:

(i) a Casualty Occurrence with respect to such Unit, if the Lessee shall have paid to the Lessor the amounts stipulated under § 6 hereof;

(ii) a voluntary transfer by the Lessor (other than by the assignment of this Lease to the Vendor) of legal title to such Unit, the disposition by the Lessor of any interest in such Unit or the reduction by the Lessor of its interest in the rentals from such Unit under the Lease, unless, in each case, an Event of Default shall have occurred and be continuing;

(iii) the amendment either of the Conditional Sale Agreement or of the assignment of this Lease to the Vendor without the prior written consent of the Lessee;

(iv) the failure of the Lessor to claim such capital cost allowance in its income tax return for the appropriate year or the failure of the Lessor to follow proper procedure in claiming such capital cost allowance; or

(v) the failure of the Lessor to have sufficient income to benefit from the deduction of such capital cost allowance.

The Lessor agrees that if, in the opinion of its or the Lessee's independent tax counsel (herein referred to as Counsel), a bona fide claim to all or a portion of such capital cost allowance on any Unit, exists in respect of which the Lessee is required to pay increased rental and interest and/or penalty as aforesaid to the Lessor as above provided, the Lessor shall, upon request and at the expense of the Lessee, take all such legal or other appropriate action deemed reasonable by Counsel in order to sustain such claim. The Lessor may take such action prior to making payment of the amounts claimed pursuant to a notice of disallowance or may make such payment and then sue for a refund. In the latter event, if the final determination shall be adverse to the Lessor, the Lessee shall pay to the Lessor interest on the amount of the tax paid attributable to such capital cost allowance disallowed, computed at the rate of 8.10% per annum from the date of payment of such tax to the date the Lessee shall reimburse the Lessor for such tax in accordance with the provisions of this § 15.

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The Lessor shall not be obligated to take any such legal or other appropriate action unless the Lessee shall first have indemnified the Lessor for all liabilities and expenses which may be entailed therein and shall have furnished the Lessor with such reasonable security therefor as may be requested.

The Lessee's agreement to pay any sums which may become payable pursuant to this § 15 shall survive the expiration or other termination of this Lease.

§ 16. *Mileage Allowance; Subrogation.* Provided the Lessee is not in default hereunder, the Lessee shall be entitled to (i) all mileage allowances and other moneys payable by reason of the use of the Units, and any such mileage allowances or other moneys received by the Lessor shall be forthwith remitted to the Lessee, and (ii) the proceeds of any claim or right of the Lessor or the Lessee against third persons for injury, damage or loss with respect to any Unit or the use or operation thereof, including settlements pursuant to the rules of the Association of American Railroads, up to an amount equal to the Casualty Value of any Unit which shall have suffered a Casualty Occurrence, paid by the Lessee to the Lessor or the actual expense of repair of a Unit not suffering a Casualty Occurrence paid by the Lessee, as set forth in a certificate of the Treasurer or Chief Accounting Officer of the Lessee, and the Lessee shall be subrogated to the extent of the Lessee's interest to all the Lessor's rights of recovery therefor against any other person, firm or corporation. The Lessor hereby authorizes the Lessee to make settlement of, receive payment and receipt for any and all such claims on behalf of the Lessor, and the Lessor agrees to execute and deliver from time to time such instruments and do such other acts and things as may be necessary or appropriate more fully to evidence the Lessee's authority and/or to vest in the Lessee such proceeds to the extent of the Lessee's interest therein or to effect such subrogation; and in the event of any loss, damage or destruction in respect of which the Lessee is entitled to proceeds or subrogation as aforesaid, the Lessor shall refrain from doing any act or executing any instrument which would prejudice the right of the Lessee to such proceeds or to such subrogation.

§ 17. *Additional Covenant of the Lessee.* The Lessee covenants and agrees from time to time at its expense to do all acts and execute all such instruments of further assurance as it shall be reasonably requested by the Lessor to do or execute for the purpose of fully carrying out and effectuating this Lease and the intent hereof.

§ 18. *Recording; Expenses.* Prior to the delivery and acceptance of any of the Units, the Lessor will, at the expense of the Lessor, cause this Lease and any assignment hereof (a) to be duly deposited in the office of the Registrar General of Canada and will cause the required notice of such deposit forthwith

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thereafter to be published in *The Canada Gazette* in accordance with Section 86 of the Railway Act R.S.C. 1970, c. R-2 and (b) to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act of the United States of America.

The Lessee will, from time to time and at its expense, do and perform any act and will execute, acknowledge and deliver any and all further instruments required by law or reasonably requested by the Lessor for the purpose of proper protection, to the satisfaction of the Lessor and its counsel, of the Vendor's and the Lessor's respective interests hereunder in the Units, or for the purpose of carrying out the intention of this Lease and any assignment hereof. The Lessee will promptly furnish to the Vendor and the Lessor evidence of such execution, acknowledgement and delivery.

The Lessor will pay the reasonable costs and expenses involved in the preparation and printing of this Lease. The Lessor and the Lessee will each, respectively, bear the fees and disbursements of any counsel which it may respectively retain.

§ 19. *Interest on Overdue Rentals.* Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay also an amount equal to 9% per annum of the amount of the overdue rentals for the period of time during which they are overdue.

§ 20. *Notices.* Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in a Canadian Post Box, first-class postage prepaid, addressed as follows:

if to the Lessor, Two St. Clair Avenue West, Toronto, Ontario,
attention of the Treasurer;

if to the Lessee, at P.O. Box 8100, Montreal 101, Quebec, Canada,
attention of the Treasurer;

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

§ 21. *Severability; Effect and Modification of Lease.* Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the Units and supersedes all other agreements, oral

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or written, with respect to the Units. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the parties hereto.

§ 22. *Execution.* This Lease may be executed in several counterparts, each of which so executed shall be deemed to be an original, and in each case such counterparts together shall constitute but one and the same instrument.

Although this Lease is dated as of February 28, 1972, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgements hereto annexed.

§ 23. *Law Governing.* This Lease shall be construed in accordance with the laws of Ontario.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused these presents to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed, as of the date first above written.

CANADIAN ACCEPTANCE CORPORATION LIMITED

by.....
Vice-President

[CORPORATE SEAL]

.....
Assistant Secretary

CANADIAN NATIONAL RAILWAY COMPANY,

Approved
as to form
Attorney

by.....
● ● ●

[CORPORATE SEAL]

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SCHEDULE A

Type and Specifications	Manufacturer	Manufacturer's Plant	Quantity	Road Numbers (inclusive)	Unit Base Price	Total Base Price	Date and Place of Delivery
4 Container Flat Cars; CN Specification F-50-9 dated June 1970, General Arrangement Drawing CN 9H-37285, Specification SS-1966 and Addendum No. 1 to Specification F-50-9 dated 24 March, 1971	Hawker Siddeley Canada Ltd.	Trenton, Nova Scotia	100	CN639527 to 639626	\$18,680.04	\$1,868,004.00	Mar.-Apr. 1972 F.O.B. Canadian National Railway Company tracks
100 Ton Drop End Gondola Cars; CN Specification F-60-9 dated May 1970, General Arrangement Drawing CN8H-37488-A and Specification SS 1966	Hawker Siddeley Canada Ltd.	Trenton, Nova Scotia	300	CN157000 to 157299	\$20,467.88	\$6,140,364.00	Mar.-May 1972 F.O.B. Canadian National Railway Company Tracks
70 Ton Bi-level Flat Cars; CN Specification F-150-1 dated May, 1971, General Arrangement Drawing CN9H-37477 and Specification SS 1966	Hawker Siddeley Canada Ltd.	Trenton, Nova Scotia	75	CN710500 to 710574	\$28,642.65	\$2,148,198.75	Apr.-May 1972 F.O.B. Canadian National Railway Company tracks
70-Ton Bi-level Flat Cars; CN Specification F-150-1 dated May 1971, General Arrangement Drawing CN9H-37477 and Specification SS 1966	Hawker Siddeley Canada Ltd.	Trenton, Nova Scotia	75	CN710575 to 710649	\$28,206.69	\$2,115,501.75	May-June 1972 F.O.B. Canadian National Railway Company tracks
Woodchip Cars; CN Specification F-160-3 dated September 1971, General Arrangement Drawing 9H-37570-A and Specifications SS 1966	National Steel Car Corporation, Limited	Hamilton, Ontario	125	CN880600 to 880724	\$16,167.68	\$2,020,960.00	Mar.-Apr. 1972 F.O.B. Canadian National Railway Company tracks

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SCHEDULE B

EQUIPMENT LEASE—SCHEDULE NO. •

Dated the day of , 1972 to Lease dated as of the 28th day of February, 1972 ("Lease") between CANADIAN ACCEPTANCE CORPORATION LIMITED ("Lessor") and CANADIAN NATIONAL RAILWAY COMPANY ("Lessee").

1. The terms used herein shall have the meaning given to such terms in the Lease in accordance with the terms thereof.
2. The Lessor and the Lessee hereby confirm that the Units of Equipment described in Schedule "A" annexed hereto and forming part hereof have been delivered to, examined and accepted by the Lessee on the date hereof as Units leased under the Lease and are accordingly subject to and governed thereby and that the term of the Lease with respect thereto shall commence on the date hereof.
3. The Lessee does hereby acknowledge and confirm that the said Units of Equipment have been examined by duly appointed and authorized employees or representatives of the Lessee and that such examination discloses that same conform to the Specifications more particularly defined in the Manufacturing Agreements and are in good operating order, repair, condition and appearance on the date hereof.
4. The Lessee does hereby certify that at the time of such delivery of the Units to the Lessee there was plainly, permanently and conspicuously stencilled on each side thereof the following legend in letters not less than three-eighths inch in height:

"OWNED BY CANADA PERMANENT TRUST COMPANY, 320 BAY STREET, TORONTO, CANADA, AS TRUSTEE AND VENDOR UNDER THE TERMS OF AN EQUIPMENT LOAN TRUST DECLARATION AND A CONDITIONAL SALE AGREEMENT".

Approved and agreed to this day of , 1972 as a Schedule to and part of the Lease made between the parties hereto as of the 28th day of February, 1972.

CANADIAN ACCEPTANCE CORPORATION LIMITED

By:.....

CANADIAN NATIONAL RAILWAY COMPANY

By:.....

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SCHEDULE "A" TO EQUIPMENT LEASE SCHEDULE NO.			
<u>QUANTITY</u>	<u>DESCRIPTION OF UNITS</u>	<u>MANUFACTURER</u>	<u>IDENTIFYING NUMBERS</u>

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My Commission is for life.

My Commission is for life.

CONDITIONAL SALE AGREEMENT

Dated as of February 28, 1972

between

CANADA PERMANENT TRUST COMPANY

and

**CANADIAN ACCEPTANCE CORPORATION
LIMITED**

CONDITIONAL SALE AGREEMENT

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CONDITIONAL SALE AGREEMENT dated as of February 28, 1972 between Canada Permanent Trust Company (hereinafter called the "Vendor") and Canadian Acceptance Corporation Limited (hereinafter called the "Company").

WHEREAS the Vendor, the Company and Canadian National Railway Company (hereinafter called the "Lessee") have entered into Agreements for the manufacture and purchase of the units of railroad equipment described in Schedule 1 hereto (hereinafter called the "Units" or "Units of Equipment") which Units are in part to be manufactured by Hawker Siddeley Canada Ltd. under a Manufacturing Agreement dated as of February 28, 1972 and entered into among it, the Vendor, the Company and the Lessee, a copy of which Manufacturing Agreement is attached as Schedule 2 hereto, and in part by National Steel Car Corporation, Limited under a Manufacturing Agreement dated as of February 28, 1972 and entered into among it, the Vendor, the Company and the Lessee, a copy of which Agreement is attached as Schedule 3 hereto, (Hawker Siddeley Canada Ltd. and National Steel Car Corporation, Limited being hereinafter called collectively the "Manufacturers" and individually a "Manufacturer" and the said Manufacturing Agreements being hereinafter called collectively the "Manufacturing Agreements"); and

WHEREAS the Vendor will acquire title to the Units of Equipment from the Manufacturers thereof and will under an Equipment Loan Trust Declaration dated as of February 28, 1972 (hereinafter called the "Trust Declaration") issue Loan Certificates (as therein defined); and

WHEREAS the Vendor has agreed to sell the Units of Equipment to the Company under and pursuant to the terms of this Agreement; and

WHEREAS the Company proposes to enter into a Lease of Equipment to be dated as of February 28, 1972 (hereinafter called the "Lease") with the Lessee substantially in the form of Schedule 5 to the Trust Declaration pursuant to which the Company will lease the Units of Equipment to the Lessee; and

WHEREAS by way of collateral security for the payment of the unpaid balance of the sale price of the Units of Equipment payable by the Company to the Vendor hereunder and the interest thereon, the Company proposes to enter into a Collateral Assignment of Lease and Agreement dated as of February 28, 1972 (hereinafter called the "Assignment") with the Vendor pursuant to which the rentals and other payments payable by the Lessee to the Company under the Lease will be assigned to the Vendor for security purposes, such Assignment to be substantially in the form of Schedule 7 to the Trust Declaration.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

CONDITIONAL SALE AGREEMENT

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ARTICLE 1. *Sale of Units of Equipment.* Pursuant to the Manufacturing Agreements the Vendor will purchase the Units of Equipment from the Manufacturers and pursuant to this Agreement the Vendor will sell the Units of Equipment to the Company and the Company will purchase the same from the Vendor.

ARTICLE 2. *Delivery.* The Vendor will cause each Unit of Equipment to be delivered to the Company at the point or points in Canada and on the date or dates specified in Schedule II to the Manufacturing Agreements. Delivery of the Units of Equipment by the Manufacturers to the Lessee under the Manufacturing Agreements shall for all purposes be deemed to be delivery by the Vendor to the Company under the terms of this Agreement.

Notwithstanding the preceding provisions of this Article 2, any Units of Equipment not delivered, accepted and settled for pursuant to the Manufacturing Agreements shall be excluded from this Agreement and not included in the term "Units of Equipment" as used in this Agreement. In the event of any such exclusion, the Vendor and the Company shall execute an agreement or agreements supplemental hereto limiting this Agreement to the Units of Equipment theretofore delivered, accepted and settled for hereunder.

On delivery of each of the Units of Equipment under the Manufacturing Agreements and acceptance thereof as therein provided, the Company assumes with respect thereto the responsibility and risk of loss or damage.

ARTICLE 3. *Unit Cost and Payment.*

The Units of equipment shall be settled for on the Closing Dates (as defined in the fourth paragraph of Article 3 of the Manufacturing Agreements) and in Groups, (as defined in the second paragraph of Article 3 of the Manufacturing Agreements).

The sale price of the Units of Equipment (the "Conditional Sale Indebtedness") shall be an amount which is equal to the aggregate of:

(a) an amount equal to 25% of the aggregate Unit Costs of the Units as defined in Article 3 of the Manufacturing Agreements, which amount shall be paid by way of initial payments and on the Closing Dates provided for in Article 3 of the Manufacturing Agreements; and

(b) an amount equal to the aggregate principal amount of Long Term Loan Certificates and the Replacement Loan Certificate (both as defined in the Trust Declaration) issued pursuant to Sections 4.04 and 3.04, respectively, of the Trust Declaration.

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Subject to the conditions specified in the last paragraph of this Article 3, the Company hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay to the Vendor at such place as the Vendor may designate, the Conditional Sale Indebtedness, as follows:

(a) On the Closing Date with respect to each Group, by cash or certified cheque payable to or to the order of the Vendor, an amount arrived at by aggregating 25% of the Unit Cost of each Unit of Equipment in such Group;

(b) The balance of the Conditional Sale Indebtedness by way of 31 consecutive semi-annual instalments, payable on February 28 and August 28 in each year from August 28, 1972, to and including August 28, 1987, (each such date being hereinafter referred to as a "Payment Date") in an amount in each case equal to the amount of the principal and interest payment due with respect to the Long Term Loan Certificates and the Replacement Loan Certificate on the interest payment date (as set out in the Trust Declaration) next following each such Payment Date. In the event that any Payment Date hereinbefore provided for is not a business day, the instalment then due shall be made on the next succeeding business day).

The Company will pay interest at the rate of 8.10% per annum upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof, anything herein to the contrary notwithstanding.

All payments provided for in this Agreement shall be made in lawful money of Canada. Except as provided in Article 5 hereof, the Company shall not have the privilege of prepaying the Conditional Sale Indebtedness prior to the dates it becomes due.

The parties hereto contemplate that the Company will furnish that portion of the Unit Cost of each Group as is required under subparagraph (a) of the third paragraph of this Article 3 and that an amount equal to the balance of such Unit Cost shall be paid to the Manufacturers by the Vendor which shall raise the required funds by the issue of Equipment Loan Certificates under the Trust Declaration.

It is agreed that the obligation of the Company to pay to the Vendor any amount required to be paid pursuant to sub-paragraph (a) of the third paragraph of this Article 3 with respect to any Group is specifically subject to the prior or contemporaneous fulfillment of the following conditions:

(a) no Event of Default under the Lease, nor any event which with the lapse of time and/or notice provided for herein or in the Lease would constitute such an Event of Default shall have occurred and be continuing;

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(b) the Vendor shall pay or cause to be paid to the Manufacturers the amounts contemplated to be paid by it as provided in the preceding paragraph of this Article 3; and

(c) the Company shall receive signed counterparts of all documents required by the terms of the Manufacturing Agreements to be delivered to the Vendor in respect of payment for such Group, the opinions of counsel required by § 14 of the Lease, and such other documents as the Company may reasonably request.

Notwithstanding any other provisions of this Agreement it is understood and agreed by the Vendor that liability of the Company for all payments to be made by it under and pursuant to this Agreement, with the exception only of the payments to be made pursuant to sub-paragraph (a) of the third paragraph of Article 3 hereof and Article 17 hereof, shall not exceed an amount equal to the income and proceeds from the Units of Equipment (as hereinafter defined), and such payments shall be made by the Company only to the extent that the Company shall have actually received sufficient income or proceeds from the Units of Equipment to make such payments. Except as provided in the next preceding sentence, the Vendor agrees that the Company shall have no personal liability to make any payments under this Agreement whatsoever except from the income and proceeds from the Units of Equipment to the extent actually received by the Company as above provided. In addition, the Vendor agrees and understands that the Company (i) makes no representation or warranty, and is not responsible for, the due execution, validity, sufficiency or enforceability of the Lease in so far as it relates to the Lessee (or any document relative thereto) or of any of the obligations thereunder of the Lessee and (ii) shall have no obligation, duty or other liability whatsoever to see to or be responsible for the performance or observance by the Lessee of any of its agreements, representations, indemnities, obligations or other undertakings under the Lease; it being understood that as to all such matters the Vendor will look solely to the Vendor's rights under this Agreement against the Units of Equipment and to the Vendor's rights under the Assignment against the Lessee and the Units of Equipment. As used herein the term "income and proceeds from the Units of Equipment" shall mean, if one of the events of default specified in Article 12 hereof shall have occurred and while it shall be continuing, so much of the following amounts as are indefeasibly received by the Company at any time after such event and during the continuance thereof: (a) all amounts of rental (or damages under clause (i) of subparagraph (b) of § 9 of the Lease) and amounts in respect of Casualty Occurrences paid for or with respect to the Units of Equipment pursuant to the Lease and payments equivalent to such amounts and (b) any and all payments or proceeds received by the Company for or with respect to the Units of Equipment as the result of the sale, lease or other disposition thereof and after deducting all costs and expenses of such sale, lease or other disposition, and shall mean at any other time only that

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portion of the amounts referred to in the foregoing clauses (a) and (b) as are indefeasibly received by the Company and as shall equal the portion of the Conditional Sale Indebtedness (including payments in respect of Casualty Occurrences) and/or interest thereon then due and payable or due and payable on the February 28 or August 28 next succeeding the date such amounts received by the Company were required to be paid to it pursuant to the Lease or as shall equal any other payments then due and payable under this Agreement. Nothing contained herein shall constitute an assignment of, or lien, charge or encumbrance against, the "Income and proceeds from the Units of Equipment" or any right, title or interest of the Company under or arising out of the Lease, or of or against any payments received or to be received by the Company under or in connection with the Lease. It is further specifically understood and agreed that nothing contained herein limiting the liability of the Company shall derogate from the right of the Vendor subject to the rights of the Lessee referred to in Article 8 hereof to proceed against the Units of Equipment or the Lessee as provided for herein or in the Assignment or otherwise for the full unpaid Conditional Sale Indebtedness and interest thereon or any other payment due and payable hereunder. The Vendor agrees, however, that in the event it shall obtain a judgment against the Company for an amount in excess of the amounts payable by the Company pursuant to the limitations set forth in this paragraph, it will, accordingly, limit its execution of such judgment to such amount.

ARTICLE 4. *Title to the Units of Equipment, Identification Marks.* The Vendor shall and hereby does retain title to and property in the Units of Equipment until the Company shall have made all the payments hereunder and shall have kept and performed all its agreements herein contained, notwithstanding the delivery of the Units of Equipment to and the possession and use thereof by the Company or the Lessee as herein provided. Any and all additions to the Units of Equipment and any and all replacements of the Units of Equipment and of parts thereof shall constitute accessions to the Units of Equipment (except such as can be removed without damage to and without impairing the originally intended function or use of the Units of Equipment, including, without limitation, racks or partitions, which have been added to the Units of Equipment by the Lessee, the cost of which is not included in the Purchase Price of the Units of Equipment) and shall be subject to all the terms and conditions of this Agreement and included in the term "Units of Equipment" as used in this Agreement.

Except as otherwise specifically provided in Article 5 hereof, when and only when the Vendor shall have been paid the full amount of the Conditional Sale Indebtedness, together with interest and all other payments as herein provided, and all the Company's obligations herein contained shall have been performed, absolute right to the possession of and title to and property in the

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Units of Equipment shall pass to and vest in the Company without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Company, will execute appropriate instruments confirming such passage to the Company of title to and property in the Units of Equipment free of all liens, security interests and other encumbrances created or retained hereby and deliver such instruments to the Company and will execute in the same manner and deliver at the same place, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Company to the Units of Equipment, and will pay to the Company any money paid to the Vendor pursuant to Article 5 hereof and not theretofore applied as therein provided.

The Company will cause each Unit to be kept numbered with the identifying number set forth in Schedule 1 hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of such Unit, in letters not less than three-eighths inch in height, the following words:

“OWNED BY CANADA PERMANENT TRUST COMPANY, 320 BAY STREET, TORONTO, CANADA, AS TRUSTEE AND VENDOR UNDER THE TERMS OF AN EQUIPMENT LOAN TRUST DECLARATION AND A CONDITIONAL SALE AGREEMENT”

or other appropriate words designated by the Vendor, with appropriate changes therein and additions thereto as from time to time may be required by law in order to protect the title of the Vendor to such Unit and the rights of the Vendor under the Conditional Sale Agreement. The Company will not place any such Unit in operation or exercise any control or dominion over the same until such names and word or words shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. The Company will not change or permit to be changed the identifying number of any Unit except in accordance with a statement of new identifying numbers to be substituted therefor, which statement previously shall have been filed with the Vendor by the Lessee and filed, recorded or deposited in all public offices where this Lease will have been filed, recorded or deposited.

Except as above provided, the Company will not allow the name of any person, association or corporation to be placed on the Units as a designation that might be interpreted as a claim of ownership; *provided, however*, that the Lessee may cause the Units to be lettered with the names or initials or other insignia customarily used by the Lessee or any permitted sublessee on railroad equipment used by them of the same or a similar type for convenience of identification of their rights to use the Units as permitted under this Lease.

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ARTICLE 5. *Casualty Occurrences.* In the event that any Unit of Equipment shall be or become worn out, lost, stolen, destroyed, irreparably damaged or damaged beyond economic repair, from any cause whatsoever or taken or requisitioned by condemnation, expropriation or otherwise (such occurrences being herein called "Casualty Occurrences"), the Company shall promptly after it shall have determined that such Unit has suffered a Casualty Occurrence (or as of such earlier date as the Company may receive notice thereof under the Lease), fully inform the Vendor in regard thereto. The Company shall (a) within its then current taxation year, either (i) replace such Unit with another unit of railway equipment of the same or similar type and with a value not less than the Fair Market Value (as defined in § 12 of the Lease) of such Unit immediately prior to its suffering the Casualty Occurrence, or (ii) with the prior written consent of the Vendor and of the holders of not less than 66 $\frac{2}{3}$ % in principal amount of the issued and outstanding Loan Certificates, replace such Unit with other railway equipment having a value not less than the Fair Market Value of such Unit immediately prior to its suffering the Casualty Occurrence which is acceptable to the Vendor and such holders, and thereupon such other unit or such other railway equipment shall be and become part of the Units hereunder and be subject to all the terms and provisions hereof, or (b) upon 15 days prior written notice to the Vendor, pay, on any Payment Date which is more than 15 days after such Casualty Occurrence and not later than the Payment Date next following the end of the Company's current taxation year, to the Vendor a sum equal to the Casualty Value (as hereinafter defined) of such Unit suffering a Casualty Occurrence as of the date of such payment and shall file with the Vendor a certificate setting forth the Casualty Value of such Unit. Any money paid to the Vendor pursuant to this paragraph shall be applied to the *pro rata* prepayment of each instalment of the Conditional Sale Indebtedness remaining unpaid (in proportion to the principal amount of Conditional Sale Indebtedness represented by each such instalment) and the Vendor will promptly furnish to the Company and the Lessee a revised schedule of payments of principal and interest thereafter to be made, calculated as provided in the fourth paragraph of Article 3 hereof.

Upon payment by the Company to the Vendor of the Casualty Value of any Unit of the Equipment having suffered a Casualty Occurrence, absolute right to the possession of, title to and property in such Unit shall pass to and vest in the Company, without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Company, will execute and deliver to the Company, at the expense of the Company, an appropriate instrument confirming such passage to the Company of title to and property in such Unit, in recordable form, in order that the Company may make clear upon the public records the title of the Company to such Unit.

The Casualty Value of each Unit of Equipment suffering a Casualty Occurrence shall be deemed to be the Casualty Value (as defined in the Lease).

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ARTICLE 6. *Maintenance and Repairs.* The Company agrees that, at its own cost and expense, it will maintain and keep each Unit of Equipment in good order and repair, reasonable wear and tear excepted.

ARTICLE 7. *Taxes.* All payments to be made by the Company hereunder will be free of expense to the Vendor for collection or other charges and will be free of expense to the Vendor with respect to the amount of any Canadian, United States or Mexican local, state, federal or provincial taxes (other than any Canadian local, provincial or federal income taxes and, to the extent that the Vendor receives credit for such taxes against any of its said Canadian income tax liability, any United States or Mexican local, state or federal income tax, payable by the Vendor in consequence of the receipt of payments provided herein and other than the aggregate of all local, provincial or city income taxes or franchise taxes measured by net income based on such receipts, except any such tax which is in substitution for or relieves the Vendor from the payment of taxes which it would otherwise be obligated to pay or reimburse as otherwise provided) assessments, duties or license fees and any charges, fines or penalties in connection therewith (all of which are hereinafter called impositions) hereafter levied or imposed upon or in connection with or measured by this Agreement or any sale, rental, use, payment, shipment, import, export, delivery or transfer of title under the terms hereof, all of which impositions the Company assumes and agrees to pay on demand in addition to the Conditional Sale Indebtedness. The Company will also pay promptly all impositions which may be imposed upon the Units of Equipment or for the use of operation thereof or upon the earnings arising therefrom or upon the Vendor solely by reason of its ownership thereof and will keep at all times all and every part of the Units of Equipment free and clear of all impositions which might in any way affect the title of the Vendor or result in a lien upon any of the Units of Equipment (this covenant will be deemed not to be breached by reason of liens referred to in the second paragraph of Article 9); *provided, however*, that the Company shall be under no obligation to pay any impositions so long as it is contesting in good faith and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor hereunder. If any such impositions shall have been charged or levied against the Vendor directly and paid by the Vendor, the Company shall reimburse the Vendor on presentation of invoices therefor; *provided, however*, that the Company shall not be obligated to reimburse the Vendor for any impositions so made unless (a) the Vendor shall have been, in the opinion of counsel for the Vendor, legally liable with respect thereto, or (b) the Company shall have approved of such payment.

ARTICLE 8. *Possession and Use.* The Company, so long as it shall not be in default under this Agreement, shall be entitled, from and after delivery of the Units of Equipment by the Manufacturers, to the possession of the Units of

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Equipment and the use thereof, but only upon and subject to all the terms and conditions of this Agreement.

The Company may lease the Units of Equipment to the Lessee or its assigns as permitted by, and for use as provided in, the Lease; *provided, however*, that, subject as hereinafter provided, the rights of the Lessee and its permitted assigns under the Lease shall be subordinated and junior in rank to the rights, and shall be subject to the remedies of, the Vendor under this Agreement. The Vendor will not terminate or impair the Lessee's possession or use of the Units of Equipment subject to the Lease in accordance with the terms of the Lease nor require performance by the Lessee of any obligation or payment hereunder so long as the Lessee is not in default under the Lease. The Company hereby agrees that it will not exercise any of the remedies provided in the case of any Event of Default under and as defined in the Lease unless it shall notify the Vendor in writing of its intended exercise thereof, and hereby further agrees to furnish to the Vendor copies of all summonses, writs, processes and other documents served by it upon the Lessee or served by the Lessee upon it in connection therewith.

So long as no event of default shall have occurred and be continuing hereunder, the Company shall be entitled to the possession and use of the Units of Equipment and the Units of Equipment may be used by the Lessee or any affiliated or subsidiary corporation upon its or their lines of railroad or upon lines of railroad over which the Lessee or other such corporation has trackage or other operating rights or over which railroad equipment of the Lessee or any other such corporation is regularly operated pursuant to contract, and the Units of Equipment may be used upon other railroads in the usual interchange of traffic (if such interchange is customary at the time), but only upon and subject to all the terms and conditions of this Agreement. The Units of Equipment may be subleased by the Lessee to such subsidiary or affiliated corporations of the Lessee as are at the time such sublease is executed and in effect domestic railroad corporations incorporated under the laws of Canada or any province thereof or any state of the United States of America or the District of Columbia; *provided, however*, that the rights of such sublessee are made expressly subordinate to the rights and remedies of the Vendor under this Agreement. The Company may also lease the Units of Equipment to any other railroad company with the prior written consent of the Vendor, provided that the rights of such lessee are made expressly subordinate to the rights and remedies of the Vendor under this Agreement. Nothing in this Article 8 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under the Lease in the Units or possession of the Units to any corporation incorporated under the laws of Canada (which shall have duly assumed the obligations of the Lessee hereunder) into or with which the Lessee shall have become amalgamated, merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety.

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ARTICLE 9. *Prohibition Against Liens.* The Company will pay or satisfy and discharge any and all sums claimed by any party by, through or under the Company or its successors or assigns which, if unpaid, might become a lien, charge, security interest or encumbrance upon any Units of Equipment equal or superior to the title of the Vendor thereto, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor hereunder.

This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

ARTICLE 10. *Indemnities; Warranty of the Manufacturer.* The Company agrees to indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including counsel fees, arising out of retention by the Vendor of title to the Units of Equipment, or out of the use and operation thereof during the period when title thereto remains in the Vendor. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the Conditional Sale Indebtedness, and the conveyance of the Units of Equipment as provided in Article 4 hereof, or the termination of this Agreement in any manner whatsoever.

The Company will bear the risk of, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of any Unit or all the Units of Equipment.

ARTICLE 11. *Assignments.* The Company will not assign or transfer its rights under this Agreement or, except as provided in Article 8 hereof, transfer the right to possession of any Unit unless such assignment or transfer is made expressly subject in all respects to the rights and remedies of the Vendor hereunder.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Company, may be assigned by the Vendor and reassigned by its assignee at any time or from time to time. No such assignment shall relieve the Company of its obligations to the Manufacturer contained or referred to in Articles 1, 2, 3 and 10 hereof or any other obligation which, according to its terms and context, is intended to survive an assignment.

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Upon any such assignment either the assignor or the assignee shall give written notice to the Company, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all the Vendor's right, title and interest in and to the Units of Equipment, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Company of the notification of any such assignment, all payments thereafter to be made by the Company hereunder shall, to the extent so assigned, be made to the assignee at the address of the assignee specified in the aforesaid notice.

ARTICLE 12. *Defaults.* In the event that any one or more of the following events of default shall occur and be continuing, namely:

(a) The Company shall fail to pay in full any sum payable by the Company when payment thereof shall be due hereunder and such default shall continue for 10 days; or

(b) The Company shall, for more than 30 days after the Vendor shall have demanded in writing performance thereof, fail or refuse to comply with any covenant, agreement, term or provision of this Agreement on its part to be kept and performed or to make provision satisfactory to the Vendor for such compliance; or

(c) Any proceedings shall be commenced by or against the Company for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the indebtedness payable hereunder) and such proceedings shall not have been dismissed, nullified, stayed or otherwise rendered ineffective within 30 days of their being commenced (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Company under this Agreement which shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for the Company or for its property in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

(d) The Company shall make or suffer any unauthorized assignment or transfer of this Agreement or any interest herein; or

(e) An Event of Default shall occur under the Lease;

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then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Company and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, (i) subject to the rights of the Lessee referred to in Article 8 hereof, cause the Lease immediately upon such notice to terminate (and the Company acknowledges the right of the Vendor to terminate the Lease) and/or (ii) declare (hereinafter called a Declaration of Default) the entire unpaid Conditional Sale Indebtedness, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such Conditional Sale Indebtedness and such interest shall bear interest from the date of such declaration at the rate of 8.10% per annum and the Vendor shall thereupon be entitled to recover judgment for the entire unpaid balance of the Conditional Sale Indebtedness so payable, with interest as aforesaid, and, subject to the provisions of the last paragraph of Article 3 hereof, to collect such judgment out of the property of the Company wherever situated.

The Vendor may waive any such event of default and its consequences and rescind any Declaration of Default or notice of termination of the Lease by notice to the Company in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such default had existed and no Declaration of Default or notice of termination of the Lease had been made. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Company that time is of the essence of this Agreement and that no such waiver or rescission shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 13. Remedies. At any time during a Declaration of Default, the Vendor may, upon such further notice, if any, as may be required for compliance with any mandatory requirements of law then in force and applicable to the action to be taken by the Vendor (subject to the rights of the Lessee under the Lease referred to in Article 8 hereof) take or cause to be taken by its agent or agents immediate possession of the Units of Equipment, or any thereof, without liability to return to the Company any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 13 expressly provided, and may remove the same from possession and use of the Company or anyone having such possession and use and for such purpose may enter upon the premises of the Company or the Lessee or wherever the Units of Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Company or the Lessee, with or without process of law.

In case the Vendor shall demand possession of the Units of Equipment in pursuance of this Agreement and shall reasonably designate a point or points upon the lines of the Lessee for the delivery of the Units of Equipment to the Vendor, the Company shall, at its own expense, forthwith and in the usual

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manner, cause the Units of Equipment to be moved to such point or points on the lines of the Lessee as shall reasonably be designated by the Vendor and shall there deliver the Units of Equipment or cause it to be delivered to the Vendor. At the option of the Vendor, the Vendor may keep the Units of Equipment on any of the lines of railroad or premises of the Lessee until the earlier of (x) the date the Vendor shall have leased, sold or otherwise disposed of the same or (y) the 180th day from the date the Units of Equipment shall have been placed for storage on such lines or premises. For such purpose the Company agrees to cause to be furnished, without charge for rent or storage, the necessary facilities at any reasonably convenient point or points selected by the Vendor. This agreement to deliver the Units of Equipment as hereinbefore provided is of the essence of this agreement between the parties, and, upon application to any court having jurisdiction in the premises, the Vendor shall be entitled to a decree against the Company requiring specific performance hereof. The Company hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any Units of Equipment in any reasonable manner.

At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Units of Equipment as hereinbefore in this Article 13 provided) may, at its election and upon such notice as is hereinafter set forth, retain the Units of Equipment in satisfaction of the entire indebtedness in respect of the Conditional Sale Indebtedness and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Units of Equipment shall be given to the Company by telegram or registered mail and to any other persons to whom the law may require notice within 30 days after a Declaration of Default. In the event that the Vendor should elect to retain the Units of Equipment, and no objection is made thereto within the 30-day period described in the second proviso below, all rights of the Company in the Units of Equipment will thereupon terminate and all payments made by the Company may be retained by the Vendor as compensation for the use of the Units of Equipment; *provided, however*, that if the Company, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the Conditional Sale Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement, then in such event absolute right to the possession of, title to and property in the Units of Equipment shall pass to and vest in the Company; and *provided further, however*, that if the Company or any other person notified under the terms of this paragraph shall object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Units of Equipment, then the Vendor may not so retain the Units of Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law.

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The Vendor, with or without the retaking of possession thereof, at its election and upon reasonable notice to the Company and to any other persons to whom the law may require notice of the time and place, may sell the Units of Equipment, or any part thereof, free from any and all claims of the Company, or of any other party (including the Lessee) claiming by, through or under the Company, at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine; *provided, however*, that if prior to such sale or prior to the making of a contract for such sale, the Company should tender full payment of the entire indebtedness in respect of the total unpaid balance of the Conditional Sale Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking, holding and preparing the Units of Equipment for disposition and arrangement for the sale and the Vendor's reasonable solicitors' fees, then in such event absolute right to the possession of, title to and property in the Units of Equipment shall pass to and vest in the Company. The proceeds of such sale, or of any lease or other disposition of the Units of Equipment as provided here under, less the solicitors' fees and any other expenses incurred by the Vendor in taking possession of, removing, storing and so disposing of the Units of Equipment, shall be credited against the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at such place or places and at such time or times as the Vendor may specify, in one lot and as an entirety, or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine; *provided, however*, that the Company shall be given written notice of such sale as provided hereinabove. The Vendor may bid for and become the purchaser of the Units of Equipment, or any part thereof, so offered for sale without accountability to the Company (except to the extent of surplus money received as hereinafter provided in this Article 13), and in payment of the Unit Cost therefor the Vendor shall be entitled to have credited on account thereof all sums due to the Vendor from the Company hereunder.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay, except where time limits are expressly herein provided, or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein.

All sums of money realized by the Vendor under the remedies herein provided shall be applied, *first* to the payment of the expenses and liabilities of the

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Vendor herein undertaken to be paid, *second* to the payment of interest on the unpaid Conditional Sale Indebtedness accrued and unpaid and *third* to the payment of the unpaid Conditional Sale Indebtedness. If, after applying as aforesaid all sums of money realized by the Vendor, there shall remain any amount due to it under the provisions of this Agreement, the Company, subject to the provisions of the last paragraph of Article 3 hereof, shall pay the amount of such deficiency to the Vendor upon demand, and, if the Company shall fail to pay the full deficiency, the Vendor may bring suit therefor and shall be entitled to recover a judgment therefor against the Company. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Company.

The Company, subject to the provisions of the last paragraph of Article 3 hereof, will pay all reasonable expenses, including solicitors' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including solicitors' fees, and the amount thereof shall be included in such judgment.

The foregoing provisions of this Article 13 are subject in all respect to all mandatory requirements of law at the time in force and applicable thereto.

ARTICLE 14. *Applicable Laws.* Any provision of this Agreement prohibited by any applicable law of any jurisdiction shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any applicable law may be waived, they are hereby waived by the Company to the full extent permitted by law, to the end that this Agreement shall be deemed to be a conditional sale and enforceable as such.

Except as otherwise provided in this Agreement, the Company, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell the Units of Equipment, or any part thereof, and any other requirements as to the time, place and terms of sale thereof, any other requirements with respect to the enforcement of the Vendor's rights hereunder and any and all rights of redemption.

ARTICLE 15. *Extension not a Waiver.* Any extension of time for payment hereunder or other indulgence duly granted to the Company shall not otherwise alter or affect the Vendor's rights or the obligations of the Company hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Company's obligations or the Vendor's rights hereunder with respect to any subsequent payments or defaults therein.

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ARTICLE 16. *Recording.* Prior to the delivery and acceptance of any Unit of Equipment, the Company may cause this Agreement, and any supplements hereto (i) to be deposited in the office of the Registrar General of Canada (and will cause the required notice of such deposit forthwith thereafter to be published in *The Canada Gazette*) in accordance with Section 86 of the Railway Act of Canada R.S.C. 1970, c. R-2, and (ii) to be filed, registered, recorded or deposited and refiled, reregistered, recorded or redeposited, with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act of the United States of America. The Company will, from time to time, do and perform any other act and will execute, acknowledge, deliver and file, register, deposit and record (and will refile, reregister, rererecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection in Canada and the United States to the satisfaction of the Vendor and its counsel, of its title to the Units of Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement. The Company will promptly furnish to the Vendor evidences of such depositing, filing, registering or recording and of such publication of notice of such deposit and an opinion or opinions of counsel with respect thereto, each satisfactory to the Vendor and its counsel.

ARTICLE 17. *Payment of Expenses.* The Company will pay all reasonable costs and expenses incident to the preparation and execution of this Agreement and its recording under Article 16 hereof.

ARTICLE 18. *Notice.* Any notice hereunder to any party designated below shall be deemed to be properly served if delivered or mailed to it at its chief place of business at the following specified addresses:

(a) the Company: Two St. Clair Avenue West, Toronto, Ontario, attention of The Secretary;

(b) the Vendor: Canada Permanent Trust Company, 320 Bay Street, Toronto, Ontario, attention of Corporate Trust Department;

or at such other address as may have been furnished in writing by such party to the other party to this Agreement.

ARTICLE 19. *Satisfaction of Undertakings.* The obligations of the Company under Articles 6, 7, 9, 10 and the second paragraph of Article 13 hereunder shall be deemed in all respects satisfied by the Lessee's undertakings contained in Sections 5, 8 and 10 of the Lease. The Company shall not have any responsibility for the Lessee's failure to perform such obligations, but if the same shall not be performed they may constitute the basis for an event of default hereunder as provided in Article 12 hereof.

ARTICLE 20. *Effect and Modification of Agreement.* This Agreement and the Annexes hereto exclusively and completely state the rights and agreements of the Vendor and the Company with respect to the Units of Equipment and supersede all other agreements, oral or written, with respect to the Units of

CONDITIONAL SALE AGREEMENT

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Equipment. No variation of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and duly executed on behalf of the Vendor and the Company.

ARTICLE 21. *Law Governing.* The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of Ontario; *provided, however,* that the parties shall be entitled to all rights conferred by the applicable recording laws of Canada and of the Provinces and Territories thereof and by Section 20c of the Interstate Commerce Act of the United States of America, and such additional rights arising out of the filing, recording, registering or depositing hereof and of any assignment hereof and out of the marking on the Units of Equipment as shall be conferred by the laws of the several jurisdictions in which the Units of Equipment may be located and in which this Agreement or any assignment hereof shall be filed, recorded, registered or deposited.

ARTICLE 22. *Execution.* This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. Although this Agreement is dated as of February 28, 1972, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective corporate names by their officers or officials thereunto duly authorized, and their respective corporate seals to be hereunto affixed and duly attested, all as of the date first above written.

CANADA PERMANENT TRUST COMPANY

[CORPORATE SEAL]

by.....

.....

CANADIAN ACCEPTANCE CORPORATION, LIMITED

[CORPORATE SEAL]

by.....

Vice-President

.....

Assistant Secretary

CONDITIONAL SALE AGREEMENT

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PROVINCE OF ONTARIO }
CITY OF TORONTO } ss.:

On this day of February, 1972, before me personally appeared James D. Johnstone, to be personally known, who, being by me duly sworn, says that he is a Vice-President of CANADIAN ACCEPTANCE CORPORATION LIMITED, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

.....
Notary Public

My Commission is for life.

[NOTARIAL SEAL]

PROVINCE OF ONTARIO }
CITY OF TORONTO } ss.:

On this day of February, 1972, before me personally appeared , to be personally known, who, being by me duly sworn, says that he is an Authorized Officer of CANADA PERMANENT TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

.....
Notary Public

My Commission is for life.

[NOTARIAL SEAL]

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SCHEDULE 1

Type and Specifications	Manufacturer	Manufacturer's Plant	Quantity	Road Numbers (inclusive)	Unit Base Price	Total Base Price	Date and Place of Delivery
4 Container Flat Cars; CN Specification F-50-9 dated June 1970, General Arrangement Drawing CN 9H-37285, Specification SS-1966 and Addendum No. 1 to Specification F-50-9 dated 24 March, 1971	Hawker Siddeley Canada Ltd.	Trenton, Nova Scotia	100	CN639527 to 639626	\$18,680.04	\$1,868,004.00	Mar.-Apr. 1972 F.O.B. Canadian National Railway Company tracks
100 Ton Drop End Gondola Cars; CN Specification F-60-9 dated May 1970, General Arrangement Drawing CN8H-37488-A and Specification SS 1966	Hawker Siddeley Canada Ltd.	Trenton, Nova Scotia	300	CN157000 to 157299	\$20,467.88	\$6,140,364.00	Mar.-May 1972 F.O.B. Canadian National Railway Company Tracks
70 Ton Bi-level Flat Cars; CN Specification F-150-1 dated May 1971, General Arrangement Drawing CN9H-37477 and Specification SS 1966	Hawker Siddeley Canada Ltd.	Trenton, Nova Scotia	75	CN710500 to 710574	\$28,206.69	\$2,115,501.75	Apr.-May 1972 F.O.B. Canadian National Railway Company tracks
70 Ton Bi-level Flat Cars; CN Specification F-150-1 dated May 1971, General Arrangement Drawing CN9H-37477 and Specification SS 1966	Hawker Siddeley Canada Ltd.	Trenton, Nova Scotia	75	CN710575 to 710649	\$28,642.65	\$2,148,198.75	May-June 1972 F.O.B. Canadian National Railway Company tracks
Woodchip Cars; CN Specification F-160-3 dated September 1971, General Arrangement Drawing 9H-37570-A and Specifications SS 1966	National Steel Car Corporation, Limited	Hamilton, Ontario	125	CN880600 to 880724	\$16,167.68	\$2,020,960.00	Mar.-Apr. 1972 F.O.B. Canadian National Railway Company tracks

**COLLATERAL ASSIGNMENT
OF LEASE AND AGREEMENT**

between

**CANADIAN ACCEPTANCE
CORPORATION LIMITED**

and

CANADA PERMANENT TRUST COMPANY

COLLATERAL ASSIGNMENT OF LEASE AND AGREEMENT

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COLLATERAL ASSIGNMENT OF LEASE AND AGREEMENT dated as February 28, 1972 (hereinafter called "this Assignment"), by and between CANADIAN ACCEPTANCE CORPORATION LIMITED (hereinafter called the Company) and CANADA PERMANENT TRUST COMPANY (hereinafter called the "Trustee").

WHEREAS the Company has entered into a Conditional Sale Agreement dated as of February 28, 1972 (hereinafter called the "Conditional Sale Agreement"), with the Trustee (therein called the "Vendor") providing for the sale to the Company of such units of railroad equipment (hereinafter called the "Units") described in Schedule 1 to the Conditional Sale Agreement as are delivered to and accepted by the Company thereunder; and

WHEREAS the Company and CANADIAN NATIONAL RAILWAY COMPANY (hereinafter called the "Lessee") have entered into a Lease of Railroad Equipment dated as of February 28, 1972 (hereinafter called the "Lease"), providing for the leasing by the Company to the Lessee of the Units; and

WHEREAS, in order to provide security for the obligations of the Company under the Conditional Sale Agreement, the Company has agreed to assign to the Trustee for security purposes its rights in, to and under the Lease;

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. Subject to the provisions of Paragraph 13 hereof, the Company hereby assigns, transfers and sets over unto the Trustee, as collateral security for the payment and performance of the Company's obligations under the Conditional Sale Agreement, all the Company's right, title and interest as Lessor under the Lease, together with all rights, powers, privileges, and other benefits of the Company as Lessor under the Lease, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Company from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called the "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Company, as Lessor, is or may become entitled to do under the Lease. In furtherance of the foregoing assignment, the Company hereby irrevocably authorizes and empowers the Trustee in its own name, or the name of its nominee, or in the name of the Company or as its attorney, to ask, demand, sue for, collect and receive any and all sums to which the Company is or may become entitled

COLLATERAL ASSIGNMENT OF LEASE AND AGREEMENT

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under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Company agrees to cause all Payments to be made by the Lessee under the Lease directly to the Trustee as agent for the Company. The Trustee agrees to hold and disburse the Payments as follows: *first*, to satisfy the obligations of the Company under the terms of the Conditional Sale Agreement (subject to the limitations and provisions of the last paragraph of Article 3 thereof) and, *second*, to the extent the Payments are in excess of the amounts required to satisfy such obligations of the Company, the balance of such Payments shall be paid by the Trustee to the Company.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Trustee to, or transfer, or pass, or in any way affect or modify the liability of the Company under the Lease, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Company to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Company or persons other than the Trustee.

3. To protect the security afforded by this Assignment the Company agrees as follows:

(a) The Company will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides are to be performed by the Company; without the written consent of the Trustee, the Company will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease and the Company agrees that any amendment, modification or termination thereof without such consent shall be void.

(b) At the Company's sole cost and expense, the Company will appear in and defend every action or proceeding arising under, growing out of or in any manner connected with the obligations, duties or liabilities of the Company under the Lease.

(c) Should the Company fail to make any payment or to do any act which this Assignment requires the Company to make or do, then the Trustee, but without obligation so to do, after first making written demand upon the Company and affording the Company a reasonable period of time within which to make such payment or do such act, but without releasing the

COLLATERAL ASSIGNMENT OF LEASE AND AGREEMENT

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Company from any obligation hereunder, may make or do the same in such manner and to such extent as the Trustee may deem necessary to protect the security hereof, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof and the rights or powers of the Trustee, and also the right to perform and discharge each and every obligation, covenant and agreement of the Company contained in the Lease; and in exercising any such powers, the Trustee may pay necessary costs and expenses, employ counsel and incur and pay reasonable attorneys' fees, and the Company will reimburse the Trustee for such costs, expenses and fees with interest at 6% per annum.

4. During the currency of this assignment the Company hereby irrevocably constitutes the Trustee the Company's true and lawful attorney, with full power (in the name of the Company, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under *or* arising out of the Lease to which the Company is or *may* become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse *any* cheques or other instruments or orders in connection therewith and to file any claims or take any actions or institute any proceedings which to the Trustee may seem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all the Company's obligations under the Conditional Sale Agreement, this Assignment and all rights herein assigned to the Trustee shall terminate, and all estate, right, title and interest of the Trustee in and to the Lease shall revert to the Company and the Trustee upon the request of the Company shall execute all such documents evidencing such discharge and satisfaction as reasonably may be requested by the Company.

6. The Company represents and warrants that (a) the execution and delivery by the Company of the Lease, this Assignment and the Conditional Sale Agreement have each been duly authorized, and the Lease, this Assignment and the Conditional Sale Agreement are the valid and binding obligations of the Company enforceable in accordance with their terms, (b) the Company has not executed any other assignment of the Lease and the Trustee's right to receive all payments under the Lease is and will continue to be free and clear of any and all liens, agreements, security interests or other encumbrances except the provisions of this assignment, (c) notwithstanding this Assignment, the Company will conform and comply with each and all of the covenants and conditions in the Lease and the Conditional Sale Agreement set forth to be complied with by it, (d) to the knowledge of the Company, it has performed all obligations on its part to be performed under the Lease and the Conditional

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On this day of February, 1972, before me personally appeared James D. Johnstone, to me personally known, who, being by me duly sworn, says that he is a Vice-President of CANADIAN ACCEPTANCE CORPORATION LIMITED, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

PROVINCE OF ONTARIO }
CITY OF TORONTO } ss.:

Notary Public

My Commission is for Life.

LESSEE'S CONSENT AND AGREEMENT

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ANNEX I

LESSEE'S CONSENT AND AGREEMENT

The undersigned, CANADIAN NATIONAL RAILWAY COMPANY (hereinafter called the "Lessee"), the lessee named in the Lease (hereinafter called the "Lease") referred to in the foregoing Collateral Assignment of Lease and Agreement dated as of February 28, 1972 (hereinafter called the "Assignment"), hereby acknowledges receipt of a copy of the Assignment and consents to all the terms and conditions of the Assignment.

As an inducement to the purchasers of the Loan Certificates to be issued pursuant to an equipment Loan Trust Declaration (the "Trust Declaration") made as of February 25, 1972, by Canada Permanent Trust Company (the "Trustee"), and for other good and valuable consideration, the Lessee agrees that:

(1) it will pay all rentals, casualty payments, liquidated damages, indemnities and other moneys provided for in the Lease (which moneys are hereinafter called the "Payments") due and to become due under the Lease or otherwise in respect of the Units leased thereunder, to the Lessor, as agent for the Trustee referred to in the Assignment, or, in accordance with such other instructions as may be furnished to the Lessee by the Trustee in writing, and, if the Lessee fails for any reason whatsoever to make such Payments, it will pay as aforesaid on the respective dates or times set forth in the Lease, amounts equal to the Payments which it shall not heretofore have paid; it being hereby agreed that the obligation of the Lessee to pay all the aforesaid Payments or sums equivalent to the Payments is absolute and unconditional;

(2) the Trustee shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Trustee were named therein as the Lessor;

(3) the Payments or sums equivalent to the Payments due hereunder shall not be subject to any right of setoff or counterclaim or other defense which the Lessee might have against the Lessor or otherwise, and the payment thereof shall be final and shall not be subject to, and the Lessee hereby agrees to indemnify the Trustee against, any liens, charges, security interests or claims of any nature whatsoever resulting from a breach by the Lessee of its obligations under the Lease, prior to or pari passu with the right of the Trustee to apply such payments or sums equivalent thereto, as provided in the Assignment;

(4) the Trustee shall not, by virtue of the Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise; and

LESSEE'S CONSENT AND AGREEMENT

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(5) the Lease shall not, without the prior written consent of the Trustee, be terminated or modified, or any action be taken or omitted by the Lessee, the taking or omission of which might result in an alteration or impairment of the Lease or the Assignment or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement, when accepted by the Trustee by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of Ontario and, for all purposes, shall be construed in accordance with such laws.

CANADIAN NATIONAL RAILWAY COMPANY,

(CORPORATE SEAL)

by.....
Vice-President

.....
Assistant Secretary

The foregoing Consent and Agreement is hereby accepted, as of the 28th day of February, 1972.

CANADA PERMANENT TRUST COMPANY,

by.....
Trust Officer

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On this day of February, 1972, before me personally appeared James D. Johnstone, to me personally known, who, being by me duly sworn, says that he is a Vice-President of CANADIAN ACCEPTANCE CORPORATION LIMITED, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

On this day of February, 1972, before me personally appeared
 , to me personally known, who, being by me duly sworn, says that he
is a Trust Officer of CANADA PERMANENT TRUST COMPANY, that one of the seals
affixed to the foregoing instrument is the corporate seal of said corporation,
that said instrument was signed and sealed on behalf of said corporation by
authority of its Board of Directors, and he acknowledged that the execution of
the foregoing instrument was the free act and deed of said corporation.

My Commission is for Life.

LESSEE'S CONSENT AND AGREEMENT

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ANNEX I

LESSEE'S CONSENT AND AGREEMENT

The undersigned, CANADIAN NATIONAL RAILWAY COMPANY (hereinafter called the "Lessee"), the lessee named in the Lease (hereinafter called the "Lease") referred to in the foregoing Collateral Assignment of Lease and Agreement dated as of February 28, 1972 (hereinafter called the "Assignment"), hereby acknowledges receipt of a copy of the Assignment and consents to all the terms and conditions of the Assignment.

As an inducement to the purchasers of the Loan Certificates to be issued pursuant to an equipment Loan Trust Declaration (the "Trust Declaration") made as of February 25, 1972, by Canada Permanent Trust Company (the "Trustee"), and for other good and valuable consideration, the Lessee agrees that:

(1) it will pay all rentals, casualty payments, liquidated damages, indemnities and other moneys provided for in the Lease (which moneys are hereinafter called the "Payments") due and to become due under the Lease or otherwise in respect of the Units leased thereunder, to the Lessor, as agent for the Trustee referred to in the Assignment, or, in accordance with such other instructions as may be furnished to the Lessee by the Trustee in writing, and, if the Lessee fails for any reason whatsoever to make such Payments, it will pay as aforesaid on the respective dates or times set forth in the Lease, amounts equal to the Payments which it shall not heretofore have paid; it being hereby agreed that the obligation of the Lessee to pay all the aforesaid Payments or sums equivalent to the Payments is absolute and unconditional;

(2) the Trustee shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Trustee were named therein as the Lessor;

(3) the Payments or sums equivalent to the Payments due hereunder shall not be subject to any right of setoff or counterclaim or other defense which the Lessee might have against the Lessor or otherwise, and the payment thereof shall be final and shall not be subject to, and the Lessee hereby agrees to indemnify the Trustee against, any liens, charges, security interests or claims of any nature whatsoever resulting from a breach by the Lessee of its obligations under the Lease, prior to or pari passu with the right of the Trustee to apply such payments or sums equivalent thereto, as provided in the Assignment;

(4) the Trustee shall not, by virtue of the Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise; and

LESSEE'S CONSENT AND AGREEMENT

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(5) the Lease shall not, without the prior written consent of the Trustee, be terminated or modified, or any action be taken or omitted by the Lessee, the taking or omission of which might result in an alteration or impairment of the Lease or the Assignment or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement, when accepted by the Trustee by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of Ontario and, for all purposes, shall be construed in accordance with such laws.

CANADIAN NATIONAL RAILWAY COMPANY,

(CORPORATE SEAL)

by.....
Vice-President

.....
Assistant Secretary

The foregoing Consent and Agreement is hereby accepted, as of the 28th day of February, 1972.

CANADA PERMANENT TRUST COMPANY,

by.....
Trust Officer

LESSEE'S CONSENT AND AGREEMENT

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PROVINCE OF QUEBEC }
CITY OF MONTREAL } ss.:

On this day of February, 1972, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is a Vice President of CANADIAN NATIONAL RAILWAY COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

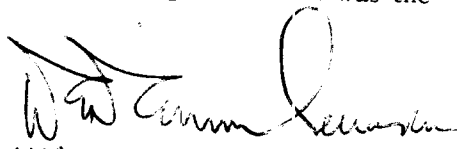
Notary Public

(NOTARIAL SEAL)

My Commission is for Life.

PROVINCE OF ONTARIO }
CITY OF TORONTO }

On this ^{9th} day of *March*, 1972, before me personally appeared **RONALD ... PARKER**, to me personally known, who, being by me duly sworn, says that he is **ASSOCIATE SECRETARY** of CANADA PERMANENT TRUST COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of the said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


.....
Notary Public

[NOTARIAL SEAL]

My Commission is for life.